

City of Bentonville, Arkansas

Annual Comprehensive Financial Report

For the Year Ended December 31, 2021



Prepared by:
Jake Harper
Finance Director

Visit our web site at: www.bentonvillear.com

City of Bentonville, Arkansas

December 31, 2021

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Introductory Section

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City of Bentonville, Arkansas
Finance and Accounting Department
1000 SW 14th St – Bentonville, Arkansas 72712
Phone (479)-271-3100 – Fax (479) 271-5913

To the Citizens of the City of Bentonville, Honorable Mayor and Members of the City Council:

The Annual Comprehensive Financial Report of the City of Bentonville, Arkansas (the City) for the year ended December 31, 2021, is submitted in accordance with State statutes. These statutes require that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements.

This report consists of management's representations concerning the finances of the City of Bentonville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Bentonville's financial statements have been audited by **FORVIS, LLP**, a firm of licensed independent certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the financial statements of the governmental activities, business-type activities, each major fund and aggregate remaining fund information that collectively comprise the City of Bentonville's basic financial statements as of and for the fiscal year ended December 31, 2021. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. It is our intention that the MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Bentonville was incorporated in 1837 and is located in the northwest corner of the State of Arkansas. The City currently occupies a land area of approximately 31.5 square miles. The City's population is 54,164 as of July 1, 2021, according to the U.S. Census Bureau. According to population projections from the Northwest Arkansas Regional Planning Commission, it is estimated that Bentonville's population could grow to 113,658 by the year 2045.

The City is empowered to levy property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically, when deemed appropriate by the City Council.

The City of Bentonville is operated under the Mayor-Council form of government. The Mayor is elected by the Citizens of Bentonville to a four year term. The Mayor serves as the chief executive of the city, presides over City Council meetings and has the ability to vote on City Council items in the event of a tie. The City Council is made up of two members from each ward (eight total members) within the City and are elected for four year terms. The City Council has the ability to enact laws (ordinances) for the health, safety and welfare of the city not in conflict with the United States constitution or the constitution of the State of Arkansas. The legal level of budgetary control is maintained at the fund level for all funds. However, management control is maintained at the department level.

The City of Bentonville provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, water, sewer, electric, traffic engineering, streets and infrastructure, community development (planning and zoning), economic development and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government.

Factors Affecting Financial Condition

Local Economy. The City of Bentonville historically benefits from low unemployment rates. There are several major industries in the City, with Wal-Mart and Sam's Club headquarters in Bentonville. The City is also home to Northwest Arkansas Community College. These employers draw their workforce from a population of more than 530,000 within the Fayetteville-Springdale-Rogers MSA (metropolitan statistical area) of which Bentonville is a part. Other major employers also located in the Fayetteville-Springdale-Rogers MSA include Tyson's Foods, J.B. Hunt Transport, and the University of Arkansas.

Relevant Financial Policies

The City's accounting records for general government activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's electric, water and sewer utility and other proprietary activities are maintained on an accrual basis.

The annual budget serves as the foundation for the City of Bentonville, Arkansas' financial planning and control. The annual budget for the following year is prepared each year by the Mayor and Department Heads and is submitted to City Council for review and approval before the end of the current year. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Long-term Financial Planning

During the annual budgeting process, the City evaluates long-term capital requirements and projected conditions in the local economy. The City is constantly monitoring the current economic conditions and will adjust the annual budget accordingly.

Awards and Acknowledgements

Awards: The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the City of Bentonville, Arkansas for its budget document prepared for the budget year ended December 31, 2021. The City of Bentonville has earned this award for 23 consecutive years.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bentonville for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1)-year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements: This report and the information contained therein would not have been possible without the help of the all the departments within the City of Bentonville that provided information presented. We would also like to express our appreciation to the Mayor and City Council for their interest and support in the responsible planning and conducting of the financial operations of the City.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Jake Harper". The signature is fluid and cursive, with the first name "Jake" and last name "Harper" clearly distinguishable.

Jake Harper
Finance Director

June 29, 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bentonville
Arkansas**

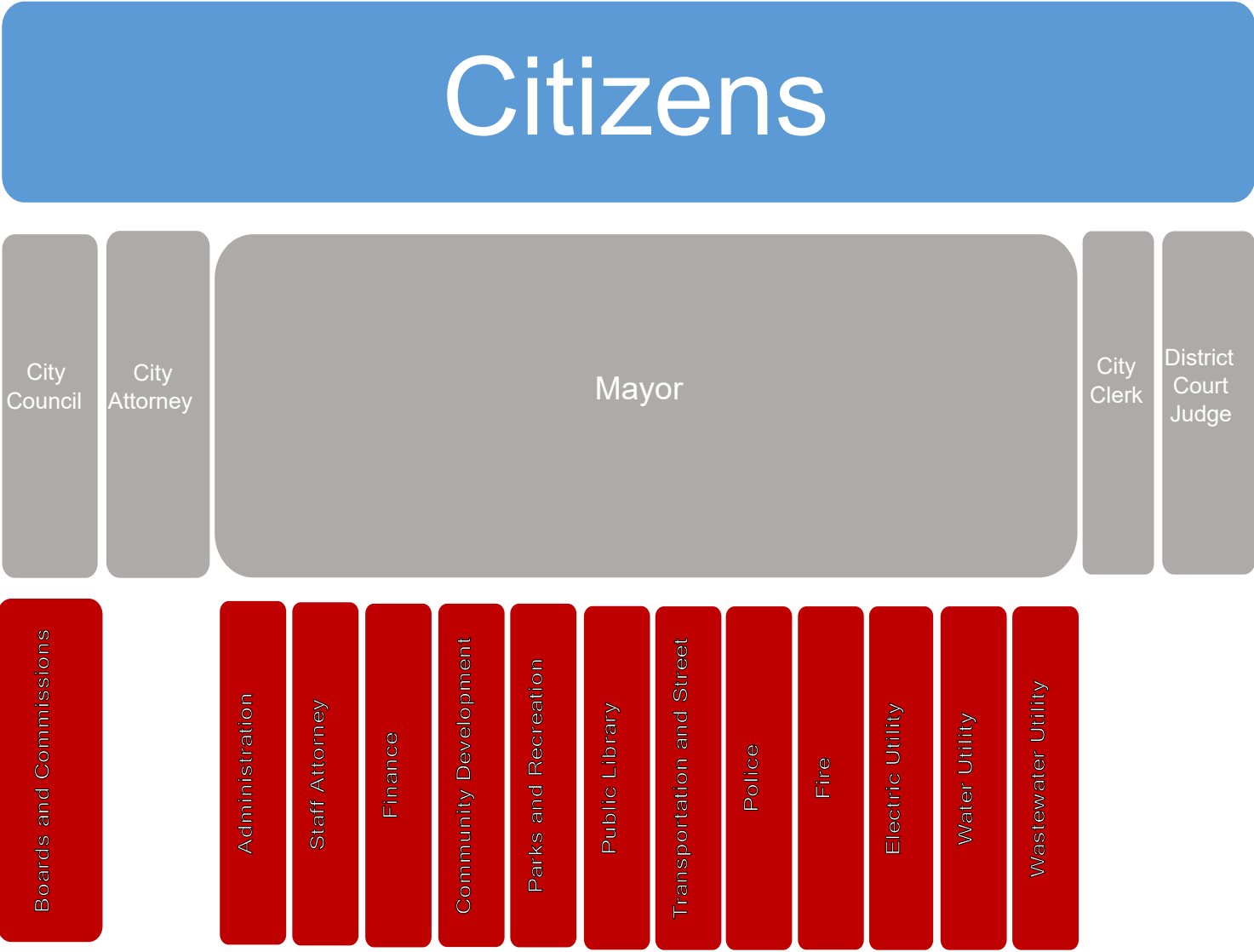
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

City of Bentonville Organizational Chart



**City of Bentonville, Arkansas
City Council and Other Elected Officials**

**Stephanie Orman
Mayor**

Name	Ward	Position
Tim Robinson	1	1
Gayatri Agnew	1	2
Cindy Acree	2	1
Chris Sooter	2	2
Aubrey Patterson	3	1
Bill Burckart	3	2
Octavio Sanchez	4	1
Holly Hook	4	2
George Spence, City Attorney		
Kirby Romines, City Clerk		

Financial Section

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Bentonville, Arkansas
Bentonville, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bentonville, Arkansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS, LLP

Rogers, Arkansas
June 29, 2022

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

As management of the City of Bentonville (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2021. The information contained in this MD&A should be considered in conjunction with our letter of transmittal at the front of this report and the information contained in the Independent Auditor's Reports, Financial Statements and Supplementary Information.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$672,140,368.
- As of the close of the current fiscal year, the City of Bentonville's governmental funds reported combined ending fund balances of \$191,442,759 of which \$69,469,833 was unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$69,469,833 which is 128% of total general fund expenditures.
- The City's total bond related debt increased by \$60,123,377 or 180% during 2021 primarily due to the issuance of sales and use tax refunding and improvement bonds which is discussed in the *Long-term Debt* section of this document.
- The City had general revenues of \$82,302,151, grants and contribution revenue of \$61,960,141, charges for services of \$122,828,918 and program expenses of \$189,566,803 for the year ended December 31, 2021.
- The City's capital outlays for the year, including outlays in the enterprise fund, were \$82,916,923.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into two categories, governmental and business-type activities. The governmental activities of the City include General Government, Administrative Services, Police, Fire, Public Works, Community Development, Library and Parks. The business-type activities of the City include Electric, Water, Wastewater, Sanitation, and related support departments which comprise the Utility Fund.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the street fund, the capital projects fund, the debt service fund and the federal grant fund which are considered to be major funds. Data from the other two governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

The basic governmental fund financial statements can be found on pages 15-16 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater and sanitation operations.

Proprietary funds, in general, charge customers for services provided. Like the government-wide financial statements, proprietary fund financial statements are presented using a long-term financial accounting approach and the full accrual basis of accounting. Additional information is provided in the proprietary funds' statement of cash flows.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's budget to actual analysis for the general fund, street fund and the City's federal grant fund as well as the progress in funding its obligation to provide other post employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 57-68 of this report.

The combining schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budget information, pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 69-73 of this report.

GOVERNMENT-WIDE ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$672,140,368 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (83%) is its investment in capital assets (*e.g.*, land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

City of Bentonville, Arkansas
Management's Discussion and Analysis
December 31, 2021

Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 218,826,561	\$ 124,769,213	\$ 63,405,222	\$ 69,668,592	\$ 282,231,783	\$ 194,437,805
Capital assets	296,198,023	289,101,845	267,966,123	213,752,536	564,164,146	502,854,381
Total assets	515,024,584	413,871,058	331,371,345	283,421,128	846,395,929	697,292,186
Total deferred outflows of resources	10,818,508	12,867,146	1,513,030	2,948,984	12,331,538	15,816,130
Long-term liabilities	120,931,655	65,179,636	9,663,655	18,501,964	130,595,310	83,681,600
Other liabilities	17,592,479	21,580,492	16,609,190	8,379,153	34,201,669	29,959,645
Total liabilities	138,524,134	86,760,128	26,272,845	26,881,117	164,796,979	113,641,245
Total deferred inflows of resources	15,876,309	4,455,822	5,913,811	395,288	21,790,120	4,851,110
Net position:						
Net investment in capital assets	293,728,622	279,366,430	263,586,357	208,392,983	557,314,979	487,759,413
Restricted	36,106,223	26,232,902	1,904,920	1,898,983	38,011,143	28,131,885
Unrestricted	41,607,804	29,922,922	35,206,442	48,801,741	76,814,246	78,724,663
Total net position	\$ 371,442,649	\$ 335,522,254	\$ 300,697,719	\$ 259,093,707	\$ 672,140,368	\$ 594,615,961

An additional portion of the City's net position (5.66%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$76,814,246 may be used to meet the City's ongoing obligations to citizens and creditors.

As a result of current year operations, total net position of the City increased by \$77,524,407 due primarily to increases in sales tax and revenues from third party entities to be used for electric infrastructure. Capital assets net of accumulated depreciation increased \$61,309,765. The major capital asset events contributing to this increase are discussed in the *Capital Assets* section of this document. Restricted net position increased by \$9,879,258 primarily due to an increase in funds set aside for new growth.

City of Bentonville, Arkansas
Management's Discussion and Analysis
December 31, 2021

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 8,753,277	\$ 9,706,525	\$ 114,075,641	\$ 101,748,616	\$ 122,828,918	\$ 111,455,141
Operating grants and contributions	5,841,361	6,119,081	6,693,949	827,105	12,535,310	6,946,186
Capital grants and contributions	4,610,177	12,434,429	44,814,654	4,459,130	49,424,831	16,893,559
General revenues:						
Property taxes	10,845,680	10,023,405	-	-	10,845,680	10,023,405
Sales taxes	53,399,550	43,279,794	-	-	53,399,550	43,279,794
State turnback	5,194,343	3,050,062	-	-	5,194,343	3,050,062
Impact Fees	4,150,437	2,858,636	-	-	4,150,437	2,858,636
Franchise fees	5,704,169	5,506,867	-	-	5,704,169	5,506,867
Investment income	215,131	735,402	138,253	394,011	353,384	1,129,413
Gain (loss) on sale of capital assets	753,648	20,025	69,585	-	823,233	20,025
Debt proceeds	-	-	-	-	-	-
Other	1,493,098	1,363,288	338,257	43,352	1,831,355	1,406,640
Total revenues	<u>100,960,871</u>	<u>95,097,514</u>	<u>166,130,339</u>	<u>107,472,214</u>	<u>267,091,210</u>	<u>202,569,728</u>
Expenses:						
General government	10,035,028	10,764,635	-	-	10,035,028	10,764,635
Public safety	29,274,828	30,483,681	-	-	29,274,828	30,483,681
Recreation	11,555,797	11,533,775	-	-	11,555,797	11,533,775
Street department	10,648,467	11,794,878	-	-	10,648,467	11,794,878
Library	1,920,680	2,014,164	-	-	1,920,680	2,014,164
Interest expense on long-term debt	1,605,676	1,464,550	-	-	1,605,676	1,464,550
Electric	-	-	89,019,330	59,723,199	89,019,330	59,723,199
Water	-	-	15,903,270	14,973,111	15,903,270	14,973,111
Wastewater	-	-	9,914,062	10,096,434	9,914,062	10,096,434
Sanitation	-	-	5,788,402	5,406,151	5,788,402	5,406,151
Support	-	-	3,901,263	3,480,455	3,901,263	3,480,455
Total expenses:	<u>65,040,476</u>	<u>68,055,683</u>	<u>124,526,327</u>	<u>93,679,350</u>	<u>189,566,803</u>	<u>161,735,033</u>
Increase in net position before transfers	35,920,395	27,041,831	41,604,012	13,792,864	77,524,407	40,834,695
Transfers	-	(951,000)	-	951,000	-	-
Increase in net position	35,920,395	26,090,831	41,604,012	14,743,864	77,524,407	40,834,695
Net position - beginning of the year,	<u>335,522,254</u>	<u>309,431,423</u>	<u>259,093,707</u>	<u>244,349,843</u>	<u>594,615,961</u>	<u>553,781,266</u>
Net position – end of the year	<u>\$ 371,442,649</u>	<u>\$ 335,522,254</u>	<u>\$ 300,697,719</u>	<u>\$ 259,093,707</u>	<u>\$ 672,140,368</u>	<u>\$ 594,615,961</u>

Governmental Activities

Governmental activities increased the City's net position by \$35,920,395, thereby accounting for 46% of the total growth in the net position of the City. The 2021 increase is \$9.8 million more than in 2020 primarily due to a \$10 million increase in sales tax revenue.

Business-type Activities

Business-type activities increased the City's net position by \$41,604,012, accounting for 54% of the total growth in the City's net position. The 2021 increase is \$26.9 million more than 2020 primarily due to a revenue from 3rd party entities to provide electric infrastructure for large privately fund projects (approximately \$59 million) and an increase in expenses of \$16 million related to the February 2021 winter storm which caused a higher than normal power cost bill for the Electric Department.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$69,469,833, while total fund balances reached \$74,322,810. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures. Unassigned fund balances represent 128% of total general fund expenditures, while total fund balances represent 136% of that same amount.

The fund balances of the City's general fund increased \$11,416,644 during the current fiscal year. Overall revenues increased by \$8,050,639 driven primarily by increase in sales tax. There was also an overall decrease in expenses of \$1,168,908 due primarily to decrease in capital outlays.

Street Fund

The City's street fund had a total fund balance of \$9,349,807 of which \$323 is nonspendable and the remaining balance is restricted to fund street capital and maintenance projects. The net increase in fund balance during the current year in the street fund was \$3,238,186. The fund balance increase is primarily due to a \$2,237,291 decrease in total expenditures and an increase in sale of capital assets of \$1,123,678.

Capital Project Fund

The City's capital project fund had a total fund balance of \$86,701,116 all of which is restricted and available to fund capital projects that meet the requirements of the Series 2021 Sales and Use Tax Refunding and Improvement Bonds. The net increase in fund balance during the current year in the capital project fund was \$68,728,913 and is primarily the result of the proceeds of \$74,279,167 from the issuance of the Series 2021 Sales and Use Tax Refunding and Improvement Bonds offset by spending \$5,346,218 of bond proceeds on capital improvements.

Debt Service Fund

The City's debt service fund had a total fund balance of \$10,381,088, which is restricted for debt service. The net increase in fund balance during the current year in the debt service fund was 2,424,290. Debt service's fund balance increase is primarily due to sales tax revenues exceeding debt service expenditures.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

Federal Grant Fund

The City's federal grant fund had a total fund balance of zero, with revenues of \$1,242,845 and corresponding expenses of \$1,242,845. Revenue included in this fund are recorded as earned revenue as applicable costs are incurred. Any funds received in advance are recorded as unearned revenue.

Proprietary Funds

Enterprise Fund

Unrestricted net position of the enterprise fund at the end of the year was \$35,206,442. The total growth in net position of the enterprise fund was \$41,604,012. Operating revenues of the enterprise fund increased 12.0% to \$114,044,573 and the operating expenses increased 32.7% to \$123,963,086. Other factors concerning the finances of the enterprise fund have already been discussed in the City's business-type activities.

General Fund Budgetary Highlights

Original Budget as Compared to the Final Budget

During the 2021 fiscal year, the original budget of the general fund was amended primarily to budget for more capital projects and other costs not previously in the budget. The most significant amendments were for a budget adjustment of \$7.4 million for the construction of Creekside Park, a budget adjustment of \$3.6 million for the construction of the new Animal Services building, and approximately \$11.2 million in budget carryforwards from the previous year primarily due to projects that were not completed during 2020 due to time constraints, supply chain issues, or planned multi-year projects.

Actual Results as Compared to the Final Budget

Variances between the actual revenues and expenditures and the general fund's final budget were fairly significant. The final amended budget projected a \$16,487,469 decrease in general fund balance while the actual resulted in a fund balance increase of \$11,416,644. The primary factors in the variances can be briefly summarized as follows:

- *Property tax* revenue was \$7,621,467, while the final budgeted amount was \$7,036,303. The excess revenues over the budget (\$585,164) can be attributed to a general improvement in the local economy in 2021 compared to 2020 and an increase in assessed values of \$140,843,805, or 11%.
- *Sales tax* revenue was \$36,894,138, while the final budgeted amount was \$27,267,968. The increase in revenues over the budget (\$9,626,170) can be attributed to a general increase in retail sales tax from various projects in the City and the County and general increase in economic conditions.
- *Licenses and permits* revenue was \$2,718,317, while the final budgeted amount was \$1,313,023. The increase in revenues over the budget (\$1,405,294) can be attributed to an unforeseen increase in building permits and activity.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

- *Grants* revenue was \$2,875,107, while the final budgeted amount was \$5,240,857. The decrease in revenues over the budget of (\$2,365,750) can be attributed to grants that were budgeted in 2021 but were not received during the year.
- *Capital outlay* expenditure was \$9,185,859, while the final budgeted amount was \$31,041,965. The decrease in expenditures over the budget (\$21,856,106) can be attributed to various budgeted capital outlay projects that were not completed during 2021 due to time constraints, supply chain issues, or planned multi-year projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2021 the City's investment in capital assets for its governmental and business-type activities was \$564,164,146 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and streets.

Major capital asset events during the current fiscal year include the following:

- Capital expenditures of \$5 million were made for a variety of street construction projects in new residential developments and widening and expansion projects for existing streets. In addition, \$3.7 million of streets, drainage and sidewalks constructed by developers were contributed to the City to own and maintain.
- Capital expenditures of \$1.3 million were made to construct the City's Public Works Maintenance facility.
- Capital expenditures of \$1.6 million were made for a variety of park improvement projects.
- Capital expenditures for additions and improvements for the City's water system, sewer system and electric system were \$56.7 million. This amount includes expenditures relating to new electric infrastructure for large, privately funded projects. In addition, \$3.7 million in electric, water and sewer lines were contributed by developers to the City.
- Capital expenditures for furniture, fixtures and equipment city wide totaled \$4.6 million due to replacement and additional equipment needs throughout the city.

Additional information regarding capital assets can be found on pages 31-33 of this report.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2021

Long-term Debt

The City had \$93,433,678 in revenue bonds payable outstanding as of December 31, 2021, which is an increase of \$60,123,377 from the previous year. The increase was due to the issuance of the 2021 Sales and Use Tax Refunding and Improvement Bonds less the payment on other debt. In June 2021, pursuant to the issuance of the City's 2021 Sales and Use Tax Refunding and Improvement Bonds, the City received a bond rating of AA- by Standard & Poor's.

Additional information regarding long-term debt can be found at pages 34-38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the metropolitan area of Northwest Arkansas (of which Bentonville is a part) is currently 1.90%. This compares favorably to the state's average unemployment rate of 3.3% and the national average rate of 3.9%.
- The City's population growth has averaged about 7% annually and according to the most recent census the population is 54,164. Impact and capacity fees, an additional one cent sales tax for capital improvements and slight increases in utility rates are in place to meet the financial demands caused by this population growth.
- The value of building permits issued, excluding public buildings, was approximately \$529.2 million in 2020 and \$1.11 billion in 2021.
- The General Fund adopted operating budget for 2022 was \$58.3 million which was an \$8.8 million increase from the 2021 budget.
- The City-Wide operating budget for 2022 was \$192 million which was a \$25 million increase from the 2021 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance; 1000 SW 14th Street; Bentonville, Arkansas 72712.

Basic Financial Statements

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City of Bentonville, Arkansas
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 71,958,624	\$ 42,720,048	\$ 114,678,672
Certificates of deposit	1,902,613	1,213,230	3,115,843
Restricted cash and cash equivalents	98,304,089	1,623,423	99,927,512
Receivable			
Customer accounts, net of allowance for uncollectible accounts of \$385,000	-	12,124,248	12,124,248
Property taxes, net of allowance for uncollectibles of \$520,748	9,894,224	-	9,894,224
Grants and other	2,659,170	123,862	2,783,032
Internal balances	(2,318)	2,318	-
Inventories	-	5,234,943	5,234,943
Prepaid items	613,913	77,923	691,836
Total current assets	<u>185,330,315</u>	<u>63,119,995</u>	<u>248,450,310</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	26,784,748	285,227	27,069,975
Sales taxes receivable	4,085,395	-	4,085,395
Total restricted assets	<u>30,870,143</u>	<u>285,227</u>	<u>31,155,370</u>
Net pension asset	2,626,103	-	2,626,103
Capital assets - non-depreciable	18,812,434	57,412,416	76,224,850
Capital assets - depreciable, net	277,385,589	210,553,707	487,939,296
	<u>298,824,126</u>	<u>267,966,123</u>	<u>566,790,249</u>
Total noncurrent assets	<u>329,694,269</u>	<u>268,251,350</u>	<u>597,945,619</u>
Total assets	<u>515,024,584</u>	<u>331,371,345</u>	<u>846,395,929</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	5,194,071	526,321	5,720,392
Deferred outflows - OPEB	1,764,147	311,251	2,075,398
Deferred outflows - pension contributions	3,860,290	675,458	4,535,748
Total deferred outflows of resources	<u>10,818,508</u>	<u>1,513,030</u>	<u>12,331,538</u>

See Notes to Financial Statements

City of Bentonville, Arkansas
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 3,496,027	\$ 7,306,176	\$ 10,802,203
Accrued expenses and other	1,253,944	315,816	1,569,760
Accrued interest payable	375,035	3,730	378,765
Other postemployment benefit liability - current portion	138,651	6,322	144,973
Compensated absences - current portion	235,318	542,294	777,612
Due to other governments	181,420	326,139	507,559
Bonds payable - current portion	1,980,000	962,371	2,942,371
Unearned revenues	9,932,084	7,146,342	17,078,426
Total current liabilities	17,592,479	16,609,190	34,201,669
Noncurrent Liabilities			
Customer deposits	-	1,529,677	1,529,677
Compensated absences	1,593,788	361,929	1,955,717
Other postemployment benefit liability	6,776,737	1,213,771	7,990,508
Net pension liability	25,488,283	3,139,818	28,628,101
Bonds payable, net	87,072,847	3,418,460	90,491,307
Total noncurrent liabilities	120,931,655	9,663,655	130,595,310
Total liabilities	138,524,134	26,272,845	164,796,979
Deferred Inflows of Resources			
Deferred inflows - OPEB	1,014,600	179,008	1,193,608
Deferred inflows - pensions	14,861,709	5,734,803	20,596,512
Total deferred inflows of resources	15,876,309	5,913,811	21,790,120
Net Position			
Net investment in capital assets	293,728,622	263,586,357	557,314,979
Restricted			
Debt service	10,381,088	281,498	10,662,586
New growth	10,687,938	-	10,687,938
Renewals and replacements	-	1,623,422	1,623,422
Capital improvements	2,975,551	-	2,975,551
Street improvements	9,349,484	-	9,349,484
Pensions	2,626,103	-	2,626,103
Other	86,059	-	86,059
Total restricted	36,106,223	1,904,920	38,011,143
Unrestricted	41,607,804	35,206,442	76,814,246
Total net position	\$ 371,442,649	\$ 300,697,719	\$ 672,140,368

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City of Bentonville, Arkansas
Statement of Activities
For the year ended December 31, 2021

Government/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 10,035,028	\$ 948,989	\$ 2,687,444	\$ 36,533	\$ (6,362,062)	\$ -	\$ (6,362,062)
Public safety	29,274,828	4,521,886	-	231,893	(24,521,049)	-	(24,521,049)
Recreation	11,555,797	3,159,359	1,872,067	481	(6,523,890)	-	(6,523,890)
Street department	10,648,467	67,442	1,266,100	3,696,392	(5,618,533)	-	(5,618,533)
Library	1,920,680	55,601	15,750	644,878	(1,204,451)	-	(1,204,451)
Interest expense on long-term debt	1,605,676	-	-	-	(1,605,676)	-	(1,605,676)
Total governmental activities	65,040,476	8,753,277	5,841,361	4,610,177	(45,835,661)	-	(45,835,661)
Business-Type Activities:							
Electric	89,019,330	78,828,519	6,693,949	42,076,983	-	38,580,121	38,580,121
Water	15,903,270	12,938,735	-	2,737,671	-	(226,864)	(226,864)
Wastewater	9,914,062	15,010,162	-	-	-	5,096,100	5,096,100
Sanitation	5,788,402	6,312,831	-	-	-	524,429	524,429
Support	3,901,263	985,394	-	-	-	(2,915,869)	(2,915,869)
Total business-type activities	124,526,327	114,075,641	6,693,949	44,814,654	-	41,057,917	41,057,917
Total primary government	<u>\$ 189,566,803</u>	<u>\$ 122,828,918</u>	<u>\$ 12,535,310</u>	<u>\$ 49,424,831</u>	<u>(45,835,661)</u>	<u>41,057,917</u>	<u>(4,777,744)</u>
General Revenues:							
Property taxes					10,845,680	-	10,845,680
Sales taxes					53,399,550	-	53,399,550
State turnback					5,194,343	-	5,194,343
Impact Fees					4,150,437	-	4,150,437
Franchise taxes					5,704,169	-	5,704,169
Investment income					215,131	138,253	353,384
Gain on sales of capital assets					753,648	69,585	823,233
Other					1,493,098	338,257	1,831,355
Total general revenues and transfers					81,756,056	546,095	82,302,151
Change in Net Position					35,920,395	41,604,012	77,524,407
Net Position - Beginning of Year					335,522,254	259,093,707	594,615,961
Net Position - End of Year					<u>\$ 371,442,649</u>	<u>\$ 300,697,719</u>	<u>\$ 672,140,368</u>

See Notes to Financial Statements

City of Bentonville, Arkansas
Balance Sheet - Governmental Funds
December 31, 2021

	General	Street	Capital Project	Debt Service	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 71,471,067	\$ 12,814,011	\$ -	\$ -	\$ -	\$ -	\$ 84,285,078
Certificates of deposit	1,902,613	-	-	-	-	-	1,902,613
Accounts receivable:							
Property taxes, net of allowance for uncollectible accounts of \$520,748	7,556,819	2,337,405	-	-	-	-	9,894,224
Grants and other	2,098,722	555,229	-	-	-	5,219	2,659,170
Due from other funds	516,755	9,760	-	-	-	-	526,515
Prepaid and other	613,590	323	-	-	-	-	613,913
Restricted assets							
Cash and cash equivalents	1,105,273	-	88,745,267	9,203,310	2,260,689	11,447,844	112,762,383
Sales tax receivable	2,907,617	-	-	1,177,778	-	-	4,085,395
Total assets	<u>\$ 88,172,456</u>	<u>\$ 15,716,728</u>	<u>\$ 88,745,267</u>	<u>\$ 10,381,088</u>	<u>\$ 2,260,689</u>	<u>\$ 11,453,063</u>	<u>\$ 216,729,291</u>
Liabilities							
Accounts payable	\$ 1,258,910	\$ 94,253	\$ 2,044,151	\$ -	\$ -	\$ 98,713	\$ 3,496,027
Due to other funds	12,086	-	-	-	31,755	484,992	528,833
Due to other governments	-	-	-	-	-	181,420	181,420
Accrued expenditures and other	1,212,534	41,410	-	-	-	-	1,253,944
Unearned revenues	3,809,295	3,893,855	-	-	2,228,934	-	9,932,084
Total liabilities	<u>6,292,825</u>	<u>4,029,518</u>	<u>2,044,151</u>	<u>-</u>	<u>2,260,689</u>	<u>765,125</u>	<u>15,392,308</u>
Deferred Inflows of Resources							
Unavailable revenues - property taxes	7,556,821	2,337,403	-	-	-	-	9,894,224
Fund balances							
Nonspendable							
Prepaid expenditures	613,590	323	-	-	-	-	613,913
Restricted							
Debt service	-	-	-	10,381,088	-	-	10,381,088
General capital improvements	4,153,328	-	86,701,116	-	-	-	90,854,444
New growth	-	-	-	-	-	10,687,938	10,687,938
Street improvements	-	9,349,484	-	-	-	-	9,349,484
Other	86,059	-	-	-	-	-	86,059
Unassigned	69,469,833	-	-	-	-	-	69,469,833
Total fund balances	<u>74,322,810</u>	<u>9,349,807</u>	<u>86,701,116</u>	<u>10,381,088</u>	<u>-</u>	<u>10,687,938</u>	<u>191,442,759</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 88,172,456</u>	<u>\$ 15,716,728</u>	<u>\$ 88,745,267</u>	<u>\$ 10,381,088</u>	<u>\$ 2,260,689</u>	<u>\$ 11,453,063</u>	<u>\$ 216,729,291</u>

See Notes to Financial Statements

Total fund balances - governmental funds	\$ 191,442,759
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	296,198,023
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Net pension assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	2,626,103
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Property tax revenues that do not provide current financial resources at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide statements.	9,894,224
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Deferred inflows and outflows related to pensions and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(5,057,801)
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Liabilities that are not due and payable in the current period and are not reported in the fund statements:

Accrued interest payable	(375,035)
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Accrued compensated absences	(1,829,106)
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Net pension liabilities	(25,488,283)
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Other postemployment benefits liability	(6,915,388)
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Bonds payable, net of premiums and discounts	<u>(89,052,847)</u>
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Total net position - governmental activities	<u><u>\$ 371,442,649</u></u>
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City of Bentonville, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2021

	General	Street	Capital Project	Debt Service	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property tax	\$ 7,621,467	\$ 2,369,929	\$ -	\$ -	\$ -	\$ -	\$ 9,991,396
Sales tax	36,894,138	-	-	16,536,547	-	-	53,430,685
State turnback	1,750,503	3,443,840	-	-	-	-	5,194,343
Impact fees	-	-	-	-	-	4,150,437	4,150,437
Franchise taxes	5,704,169	-	-	-	-	-	5,704,169
Charges for services	4,943,982	51,265	-	-	-	-	4,995,247
Fines and forfeitures	485,950	-	-	-	-	-	485,950
Licenses and permits	2,718,317	17,034	-	-	-	-	2,735,351
Grants	2,875,107	1,266,100	-	-	1,242,845	-	5,384,052
Contributions	518,580	-	-	-	-	-	518,580
Interest	158,981	29,405	2,801	2,122	-	27,586	220,895
Investment income (loss)	(5,764)	-	-	-	-	-	(5,764)
Miscellaneous	1,586,032	266,330	-	764	-	-	1,853,126
Total revenues	65,251,462	7,443,903	2,801	16,539,433	1,242,845	4,178,023	94,658,467
Expenditures							
Current:							
General government	7,613,337	-	206,837	-	1,211,090	-	9,031,264
Public safety	25,433,415	-	-	-	-	-	25,433,415
Recreation	10,558,612	-	-	-	-	-	10,558,612
Street Department	-	3,741,945	-	-	-	-	3,741,945
Library	1,683,391	-	-	-	-	-	1,683,391
Capital outlay	9,185,859	1,657,384	5,346,218	-	31,755	-	16,221,216
Debt service							
Principal	-	-	-	15,728,796	-	-	15,728,796
Interest	-	-	-	704,303	-	-	704,303
Bond issue costs	-	-	-	801,490	-	-	801,490
Total expenditures	54,474,614	5,399,329	5,553,055	17,234,589	1,242,845	-	83,904,432
Excess (Deficiency) of Revenues Over Expenditures	10,776,848	2,044,574	(5,550,254)	(695,156)	-	4,178,023	10,754,035
Other Financing Sources (Uses)							
Sale of capital assets	77,050	1,123,678	-	-	-	-	1,200,728
Debt proceeds	-	-	74,279,167	9,765,833	-	-	84,045,000
Original issue premium	-	-	-	5,127,487	-	-	5,127,487
Transfer to Escrow Agent	-	-	-	(11,773,874)	-	-	(11,773,874)
Transfers in	632,680	69,934	-	-	-	-	702,614
Transfers out	(69,934)	-	-	-	-	(632,680)	(702,614)
Total other financing sources (uses)	639,796	1,193,612	74,279,167	3,119,446	-	(632,680)	78,599,341
Change in Fund Balances	11,416,644	3,238,186	68,728,913	2,424,290	-	3,545,343	89,353,376
Fund Balances, Beginning of Year	62,906,166	6,111,621	17,972,203	7,956,798	-	7,142,595	102,089,383
Fund Balances, End of Year	\$ 74,322,810	\$ 9,349,807	\$ 86,701,116	\$ 10,381,088	\$ -	\$ 10,687,938	\$ 191,442,759

See Notes to Financial Statements

Net change in fund balance - total governmental funds	\$ 89,353,376
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds do not report capital contributions and they report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	16,313,963
Capital contributions	4,333,514
Capital asset disposals	(534,816)
Depreciation expense	(13,016,483)

Bond and other debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities

Principal paid on bonds	15,728,796
Issuance of refunding bonds	(84,045,000)
Payments to escrow agent related to principal	11,471,204
Premiums	(5,127,487)
Amortization of premiums and discounts	870,388

Property tax revenues reported in the statement of activities are not available soon after year end and therefore are not considered current financial resources and are not recognized in the fund financial statements in the current year. This is the change in the amount of deferred property tax revenues reported in the governmental fund statements.

854,284

Deferred inflows/outflows related to the net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These amounts are amortized into pension expense in future periods. This is the amount by which the deferred inflows/outflows changed during the current year.

(13,469,125)

Expenses for pensions and other post employment benefit liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund financial statements in the current year. This is the change in the amount of the net pension and other post employment benefit liabilities reported in the governmental fund statements.

13,367,992

Accrued expenses, such as compensated absences, interest, pension costs, etc., reported in the statement of activities do not require the use of current financial resources, and, therefore, are not expenditures in the funds. This is the net change in accrued expenses.

(180,211)

Change in net position of governmental activities	\$ 35,920,395
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City of Bentonville, Arkansas

Statement of Net Position -

Proprietary Funds

December 31, 2021

	Business-type Activity - Enterprise Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 42,720,048
Certificates of deposit	1,213,230
Accounts receivable (customer accounts), net of allowance for uncollectible accounts of \$385,000	12,248,110
Due from other funds	2,736
Restricted cash and cash equivalents	1,623,423
Inventories	5,234,943
Total current assets	63,042,490
Noncurrent Assets	
Restricted Cash and cash equivalents	285,227
Capital assets, net of accumulated depreciation of \$113,396,167	267,966,123
Other assets	77,923
Total noncurrent assets	268,329,273
Total assets	331,371,763
Deferred Outflows of Resources	
Deferred outflows - pensions	526,321
Deferred outflows - pension contributions	675,458
Deferred outflows - OPEB	311,251
Total deferred outflows of resources	1,513,030

City of Bentonville, Arkansas

Statement of Net Position -

Proprietary Funds

December 31, 2021

	Business-type Activity - Enterprise Fund
Liabilities	
Current Liabilities:	
Accounts payable	\$ 7,306,176
Accrued expenses and other	315,816
Accrued interest payable	3,730
Other post employment benefits liability - current portion	6,322
Compensated absences	542,294
Due to other funds	418
Due to other governments	326,139
Bonds payable - current portion	962,371
Unearned revenue	7,146,342
Total current liabilities	16,609,608
Noncurrent Liabilities	
Customer deposits	1,529,677
Compensated absences	361,929
Other post employment benefits liability	1,213,771
Net pension liability	3,139,818
Bonds payable, net of unamortized premium and discount	3,418,460
Total noncurrent liabilities	9,663,655
Total liabilities	26,273,263
Deferred Inflows of Resources	
Deferred inflows - OPEB	179,008
Deferred inflows - pensions	5,734,803
Total deferred inflows of resources	5,913,811
Net Position	
Net investment in capital assets	263,586,357
Restricted	
Debt service	281,498
Renewals and replacements	1,623,422
Unrestricted	35,206,442
Total net position	\$ 300,697,719

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City of Bentonville, Arkansas
Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended December 31, 2021

	Business-type Activity - Enterprise Fund
Operating Revenues	
Charges for services	\$ 113,703,329
Other, net	341,244
Total operating revenues	<u>114,044,573</u>
Operating Expenses	
Salaries and fringe benefits	11,430,736
Contract purchases	94,332,106
Maintenance	1,577,519
Depreciation and amortization	7,985,896
Materials and supplies	1,308,097
Other services and charges	7,328,732
Total operating expenses	<u>123,963,086</u>
Operating Loss	<u>(9,918,513)</u>
Nonoperating Income (Expenses)	
Interest income	142,419
Investment Income	(4,166)
Bond interest and fiscal agent charges	(193,916)
Gain on sale of capital assets	69,585
Developer funded infrastructure revenue	41,139,601
Grants	6,693,949
Net non-operating revenues (expenses)	<u>47,847,472</u>
Income Before Capital Contributions and Transfers	37,928,959
Capital Contributions and Transfers	
Capital contributions	<u>3,675,053</u>
Change in Net Position	41,604,012
Net Position - Beginning of Year	<u>259,093,707</u>
Net Position, End of Year	<u><u>\$ 300,697,719</u></u>

City of Bentonville, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2021

	Business-type Activity - Enterprise Fund
Operating Activities	
Receipts from customers	\$ 113,586,591
Payments to suppliers	(97,503,488)
Payments to employees	(12,354,180)
Other payments	(6,786,443)
Net cash used in operating activities	(3,057,520)
Capital and Related Financing Activities	
Purchase and construction of capital assets	(58,594,015)
Proceeds from sale of capital assets	139,170
Principal paid on revenue bonds	(978,722)
Interest and agent fees paid of revenue bonds	(194,720)
Developer funded infrastructure receipts	48,221,635
Grants and contributions for capital purposes	6,693,949
Net cash used in capital and related financing activities	(4,712,703)
Investing Activities	
Maturity of certificates of deposit	14,237,978
Interest income	138,253
Net cash provided by investing activities	14,376,231
Increase in Cash and Cash Equivalents	6,606,008
Cash and Cash Equivalents, Beginning of Year	38,022,690
Cash and Cash Equivalents, End of Year	\$ 44,628,698

	Business-type Activity - Enterprise Fund
Cash and Cash Equivalents of Proprietary Funds, as presented on the "Statement of Net Position - Proprietary Funds," is as follows:	
Cash and cash equivalents	\$ 42,720,048
Restricted cash and cash equivalents - current	1,623,423
Restricted cash and cash equivalents - noncurrent	285,227
	<u>\$ 44,628,698</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (9,918,513)
Adjustment to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization expense	7,985,896
Changes in assets and liabilities	
Receivables, net	(118,987)
Other assets	-
Inventories	(1,250,031)
Deferred outflows related to pensions	1,463,529
Deferred outflows related to OPEB	(27,575)
Accounts payable	964,265
Accrued expenses	148,337
Due to other governments	101,225
Other liabilities	99,820
Deferred revenue	2,249
OPEB liability	47,738
Net Pension liability	(8,073,996)
Deferred inflows related to OPEB	(16,721)
Deferred inflows related to pension	5,535,244
	<u>\$ (3,057,520)</u>
Noncash Investing, Capital and Financing Activities	
Capital assets acquired through contributions	<u>\$ 3,675,053</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Bentonville, Arkansas (the “City”), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under an elected mayor-council form of government. Eight elected council members and the Mayor set policy of the City. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Bentonville, Arkansas.

The City’s primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible.

Jointly Governed Venture

The City is a participant with nine Northwest Arkansas cities in a jointly governed venture to operate Northwest Arkansas Conservation Authority (NACA), an organization whose purpose is to develop and implement cost-effective regional solutions to the challenges of providing environmentally sound wastewater and biosolids infrastructure and watershed management. NACA is governed by a Board of Directors consisting of 13 members appointed by the member cities. In order for NACA to secure financing of its wastewater treatment facility, the City entered into a service agreement with NACA in January 2006 committing the City to procuring NACA’s services for 15 years or until the revenue bonds issued by NACA are retired. As of December 31, 2021, NACA has revenue bonds outstanding of \$57,405,871 with a final maturity date in October 2055. Service charges to the City are determined by rates based upon the actual costs incurred by NACA, including a proportional share of its overhead expenses attributable to the facility and debt service. During 2021, the City was NACA’s primary customer and paid service charges to NACA in the amount of \$5,675,869, of which \$548,229 is payable at year end. As of December 31, 2021, NACA reported a decrease in Net Position of \$2,639,342. Complete financial statements for NACA can be obtained from NACA’s administrative office at 11579 Snavelly Road, Bentonville, AR 72712.

Related Organization

The City’s Mayor and Council are also responsible for appointing members of the board of the Advertising and Promotions Commission, but the accountability for this organization does not extend beyond making the appointments. The financial operations of this related organization has not been included in the City’s basic financial statements.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows:

Government-wide Financial Statements

The government-wide financial statements report information on all of the activities of the City. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. This elimination has taken place in the process of incorporating fund data into the government-wide financial statements, and not in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each governmental and proprietary fund are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the *general fund*, *street fund*, *capital project fund*, *federal grant fund* and *debt service fund* as its major governmental funds. The general fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income. The street fund accounts for gasoline and road taxes received from the state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks. The capital project fund accounts for the resources accumulated from the Series 2021A and 2021B sales and use tax bonds of the City that are restricted for use in financing the costs of various capital improvement projects. The federal grant fund accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal program. The debt service fund accounts for financial resources that are restricted for principal and interest-related costs as well as the financial resources being accumulated for future debt service.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

The City reports one major *enterprise fund*. It accounts for the City's combined electric, water, sewer and sanitation system, whose operations are financed primarily through user charges.

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Funds

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

In proprietary funds, operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes; city and county sales tax; grants, entitlements and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period in which the taxes are levied. City and county sales taxes, franchise taxes, licenses and permits and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and deferred outflows of resources and liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and obligations for worker's compensation and other post-employment benefits which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are due to a plan.

Cash and Cash Equivalents

The City considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021, cash equivalents consisted primarily of money market accounts with brokers.

Investments and Investment Income

Generally, investments are stated at fair value or amortized cost and are held by the City in various forms as allowed by the laws of the State of Arkansas. The City records all investment income to funds with which the related investment asset is associated. Investment income includes interest income, dividend income, other investment income, realized and unrealized gains and losses on investments carried at fair value, investments carried at other than fair value, and other investment income. Investment income is included in unrestricted net position and is reflected as nonoperating revenue in the statement of revenues, expenses and changes in net position in Proprietary Funds.

Property Taxes

Property taxes are levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes are measurable when levied even though not available. Accordingly, property taxes receivable of approximately \$9.9 million and related deferred inflows of resources have been recorded at December 31, 2021, in the governmental funds. Benton County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies a statutory rate of 20 percent to arrive at assessed value.

Unbilled Revenue

The City bills customers for electric, water and sewer services after usage based upon meter readings made during the month. The City records a receivable for unbilled revenue at December 31 for estimated usage for which bills have not been sent.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Inventories

Inventories are valued at cost using the first in/first out (FIFO) method and consist of expendable supplies. The costs of governmental fund type inventories are recorded as expenditures when consumed.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Capital assets are defined as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets which are defined as having a constructed cost greater than \$50,000.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Water distribution facilities	50
Sewer and solid waste collection and treatment facilities	15–50
Electric distribution facilities	15–40
Street/Transportation Infrastructure	40
Building and improvements	40
Furniture and equipment	7–15
Vehicles	5

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has five items that qualify for reporting in this category. Four of the items are related to pensions, including the amount of contributions made to the pension plans after the measurement date, the difference in expected vs actual plan experience, and differences due to change in assumptions and proportions. Deferred outflows related to contributions made after the measurement date will be used in the next

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

year to reduce net pension liability or increase net pension asset. The remaining amounts will be amortized to pension expense over future periods as shown within *Note 7*. The third item relates to other postemployment benefits (OPEB) and is comprised of the difference between the expected and actual experience and the change in assumptions. These amounts will be amortized to OPEB expense over future periods as shown in *Note 8*.

In addition to liabilities, the statement of net position and balance sheet - governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify as deferred inflows of resources as of December 31, 2021. The items reported in the statements are unavailable revenues in the governmental funds balance sheet and deferred inflows - pensions and deferred inflows - OPEB in the government-wide statement of net position and proprietary funds statement of net position. Unavailable revenue arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows - pensions, consists of the difference between the projected and actual earnings on pension plan investments, the expected and actual experience related to the pension plans changes in proportion as well as the difference in the assumption changes. Deferred inflows - pensions are amortized to pension expense over future periods as shown within *Note 7*. The third item, deferred inflows - OPEB consists of the difference between expected and actual experience and change in assumptions. Deferred inflows - OPEB are amortized to OPEB expense over future periods as shown in *Note 8*.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities and business-type activities. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums, discounts and deferred gains on refundings are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the bond issue premiums or discounts. In the government wide statements, debt issuance costs are reported as expenditures in the period incurred.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received are reported as debt service expenditures.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Compensated Absences

The City grants vacation to all full-time employees based on continuous service. The cost of vacation (and sick pay for certain employee classifications) is accrued when earned in the government-wide and proprietary fund financial statements and reported as accrued expenses. No liability is recorded in the fund financial statements of governmental funds unless they have matured, as payment of this liability will not be made with expendable available financial resources unless an employee has terminated employment as of the end of the fiscal year. For governmental activities, compensated absences are generally liquidated by the general fund.

Unearned Revenue

In the governmental and proprietary funds, unearned revenue represents a liability for resources obtained prior to revenue recognition.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firemen's Relief and Pension Fund, the Local Police and Fire Retirement System and the Arkansas Public Employee's Retirement System (together, the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For the purpose of measuring the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, The City recognizes benefit payments when due and payable with the benefit terms.

Fund Balance - Governmental Funds

The fund balances for the City's governmental funds are displayed in three components:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Net Position

Net position of the City is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and street fund. All annual appropriations lapse at year end and are re-established in the succeeding year.

New Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued the following statements which the City has not yet adopted and which require adoption subsequent to December 31, 2021:

GASB Statement No. 87 - *Leases* (GASB 87): The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal year 2022.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

GASB Statement No. 91, *Conduit Debt Obligations*: The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation: establishing that a conduit debt obligation is not a liability to the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for fiscal year 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*: This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged.

GASB Statement No. 101 – *Compensated Absences*: The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023, with earlier application encouraged.

The effect of these statements on the City has not been determined, but could have a significant impact on the City's overall net position.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires that deposits in financial institutions be collateralized with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

At December 31, 2021, the City had bank balances of \$148,537,939 that were all insured (FDIC) or collateralized with securities held by the City or the City's agent in the City's name. The carrying value of these deposits as of December 31, 2021, was \$146,550,123.

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U. S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U. S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U. S. government, any U. S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the Investment Company Act of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U. S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit. Arkansas statutes also authorize the City to invest no more than 20 percent of its capital base in corporate debt obligations; revenue bond issues of any U. S. state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any U. S. state or political subdivision; securities or interest in an open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940 with certain limitations; securities or interests issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts of any depository institution chartered by the United States, any U. S. state, or the District of Columbia.

Investments at December 31, 2021, consisted of the following:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money Market Mutual Funds					
(1)	\$ 98,233,803	\$ 98,233,803	\$ -	\$ -	\$ -

(1) reported as cash equivalent for financial statement purposes

Interest Rate Risk – The City's investment policy does not specifically address interest rate risk.

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not specifically address credit risk.

Investment Type	Rating Agency	Rating
Money Market Mutual Funds	S&P/Moody's	AAA/Aaa

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. While the City's investment policy does not directly address custodial credit risk, all investments held by the City or by an agent of the City in the City's name are insured or collateralized or limited to Treasury Fund Money Markets.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the financial statements as follows:

Carrying value	
Deposits	\$ 146,550,123
Cash on hand	8,076
Investments	<u>98,233,803</u>
	<u><u>\$ 244,792,002</u></u>
Included in the following statement of net position captions	
Cash and cash equivalents	\$ 114,678,672
Certificates of deposit	3,115,843
Restricted cash and cash equivalents - current	99,927,512
Restricted cash and cash equivalents - noncurrent	<u>27,069,975</u>
	<u><u>\$ 244,792,002</u></u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2021, is presented below:

Governmental Activities	Balance, December 31, 2020	Additions and Transfers, Net	Retirements and Transfers, Net	Balance, December 31, 2021
Capital assets, non-depreciable				
Land	\$ 10,793,833	\$ 557,445	\$ -	\$ 11,351,278
Construction in progress	-	7,461,156	-	7,461,156
Total capital assets, non-depreciable	10,793,833	8,018,601	-	18,812,434
Capital assets, depreciable				
Other improvements	98,386,391	2,342,336	-	100,728,727
Streets	192,534,562	3,636,446	533,827	195,637,181
Buildings	74,662,281	2,314,004	-	76,976,285
Furniture, fixtures & equipment	41,608,577	4,336,090	1,166,690	44,777,977
Total capital assets, depreciable	407,191,811	12,628,876	1,700,517	418,120,170
Less accumulated depreciation				
Other improvements	34,888,158	3,282,822	-	38,170,980
Streets	54,151,851	4,885,760	86,747	58,950,864
Buildings	12,606,991	1,897,626	-	14,504,617
Furniture, fixtures & equipment	27,236,799	2,950,275	1,078,954	29,108,120
Total accumulated depreciation	128,883,799	13,016,483	1,165,701	140,734,581
Total governmental activities, net	\$ 289,101,845	\$ 7,630,994	\$ 534,816	\$ 296,198,023

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Business-type Activities	Balance December 31, 2020	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2021
Capital Assets, non-depreciable				
Land	\$ 8,249,434	\$ -	\$ -	\$ 8,249,434
Construction in progress	-	49,162,982	-	49,162,982
Total capital assets, non-depreciable	8,249,434	49,162,982	-	57,412,416
Capital Assets, depreciable				
Other improvements	3,073,326	574,502	-	3,647,828
Water distribution facilities	74,737,277	2,396,011	-	77,133,288
Sewer and solid waste collection and treatment facilities	85,617,512	2,122,733	-	87,740,245
Electric distribution facilities	97,304,521	6,927,997	-	104,232,518
Buildings	23,259,466	414,181	-	23,673,647
Furniture and equipment	23,666,160	540,094	408,956	23,797,298
Vehicles	3,594,104	130,946	-	3,725,050
Total capital assets, depreciable	311,252,366	13,106,464	408,956	323,949,874
Less accumulated depreciation				
Other improvements	551,476	108,694	-	660,170
Water distribution facilities	26,716,875	1,550,657	-	28,267,532
Sewer and solid waste collection and treatment facilities	31,966,590	1,812,760	-	33,779,350
Electric distribution facilities	28,279,413	2,304,296	338,993	30,244,716
Buildings	2,740,763	593,815	-	3,334,578
Furniture and equipment	12,618,542	1,379,330	-	13,997,872
Vehicles	2,875,605	236,344	-	3,111,949
Total accumulated depreciation	105,749,264	7,985,896	338,993	113,396,167
Total business-type activities, net	\$ 213,752,536	\$ 54,283,550	\$ 69,963	\$ 267,966,123

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 1,800,666
Public safety	2,102,372
Recreation	1,577,134
Street department	7,176,299
Library	<u>360,012</u>
Total depreciation expense	<u>13,016,483</u>
Business-type	
Electric	3,221,901
Water	1,923,903
Wastewater	2,241,710
Support	<u>598,382</u>
Total depreciation expense	<u>7,985,896</u>
Total depreciation expense, primary government	<u><u>\$ 21,002,379</u></u>

Construction Projects

At December 31, 2021, the City had the following commitments with respect to unfinished capital projects.

Governmental Fund Construction Projects

	Project Authorization	Expended Through December 31, 2021	Remaining Commitment
Southwest Taxiway B	\$ 1,816,875	\$ 922,408	\$ 894,467
McCollum Side Path	998,100	164,632	833,468
28th Street Park	8,802,535	774,829	8,027,706
Animal Services Facility	3,876,212	278,864	3,597,348
Orchard Park	895,768	-	895,768
Walaton/NW 3rd Street	753,248	705,546	47,702
8th Street/Water Tower Ext	4,508,372	1,495,042	3,013,330
Main St	4,878,370	683,505	4,194,865
Walton/Tiger/12th	1,300,000	463,486	836,514
Nomad Interceptor	1,772,350	1,712,518	59,832
Fire Training Facility	4,174,208	405,034	3,769,174
	<u>\$ 33,776,038</u>	<u>\$ 7,605,864</u>	<u>\$ 26,170,174</u>
Total	<u><u>\$ 33,776,038</u></u>	<u><u>\$ 7,605,864</u></u>	<u><u>\$ 26,170,174</u></u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2021, were as follows:

Governmental Activities	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 27,200,000	\$ 84,045,000	\$ 27,200,000	\$ 84,045,000	\$ 1,980,000
Add unamortized premium	1,200,965	5,127,487	1,320,605	5,007,847	-
Less unamortized bond issue discount	450,217	-	450,217	-	-
Bonds payable, net	27,950,748	89,172,487	28,070,389	89,052,847	1,980,000
Compensated absences	1,867,418	227,373	265,685	1,829,106	235,318
Net pension liability	39,335,144	-	13,846,861	25,488,283	-
Other postemployment benefits	5,870,209	1,045,179	-	6,915,388	138,651
Total governmental activities long-term liabilities	<u>\$ 75,023,519</u>	<u>\$ 90,445,039</u>	<u>\$ 42,182,935</u>	<u>\$ 123,285,623</u>	<u>\$ 2,353,969</u>

Business-type Activities	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021	Amounts Due in One Year
Bonds payable					
Revenue bonds - direct placement	\$ 5,359,553	\$ -	\$ 978,722	\$ 4,380,831	\$ 962,371
Bonds payable	5,359,553	-	978,722	4,380,831	962,371
Compensated absences	830,811	178,192	104,780	904,223	542,294
Net pension liability	11,213,814	-	8,073,996	3,139,818	-
Other postemployment benefits	1,172,355	47,738	-	1,220,093	6,322
Customer deposits	1,429,857	99,820	-	1,529,677	-
Total business-type activities long-term liabilities	<u>\$ 20,006,390</u>	<u>\$ 325,750</u>	<u>\$ 9,157,498</u>	<u>\$ 11,174,642</u>	<u>\$ 1,510,987</u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Bonds outstanding at December 31, 2021, were as follows:

	Interest Rates	Date Callable	Final Maturity Date	Principal at December 31, 2021
General long-term obligations				
Sales and Use Tax bonds, Series 2021A	.32-1.1%	N/A	2025	\$ 7,470,000
Sales and Use Tax bonds, Series 2021B	1.05-5.0%	2028	2046	76,575,000
				<u>\$ 84,045,000</u>
Enterprise Funds				
Revenue bonds, Series 2006A	2.5%	2016	2028	\$ 3,114,275
Revenue bonds, Series 2006B	5.2-5.9%	2013	2025	759,698
Revenue bonds, Series 2000	2.75%	N/A	2023	506,858
				<u>\$ 4,380,831</u>

Sales and Use Tax Refunding and Improvement Bonds, Taxable Series 2021A – On June 22, 2021, the City issued \$ 7,470,000 in Taxable Series 2021A Sales and Use Tax Refunding and Improvement Bonds with interest rates ranging from .32% to 1.1% to finance a portion of the costs of street improvements, fund a portion of a debt reserve, and advance refund \$6,685,000 of outstanding Series 2017 Sales and Use Tax Bonds with interest rates ranging from 2.0% to 5.0%. The net proceeds of the refunding portion of the bonds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2017 bonds. As a result, the Series 2017 bonds are considered to be defeased, and the liability for those bonds has been removed from the City's statement of net position. The City completed the advance refunding to reduce its total debt service payments over the next 5 years by \$1,289,948 and to obtain an economic gain, the difference between the present values of the old and new debt service payments, of \$147,052.

Sales and Use Tax Refunding and Improvement Bonds, Series 2021B – On June 22, 2021, the City issued \$76,575,000 Sales and Use Tax bonds for the purpose of financing the costs of various capital improvements, refunding the Series 2009 and Series 2010 Sales and Use Tax Bonds, financing all or a portion of the costs of various capital improvements for the City, providing for a debt service reserve and paying costs incidental thereto and to the issuance of the bonds. The bonds bear interest rates ranging from 1.05% to 5.0%. The City completed the current refunding of \$11,840,000 to reduce its total debt service payments over the next 26 years by \$2,130,405 and to obtain an economic gain, the difference between the present values of the old and new debt service payments, of \$397,255.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Combined Electric, Water and Sewer Revenue Bonds, Series 2006A – On January 10, 2006, the City issued \$9,708,500 Combined Electric, Water and Sewer bonds for the purpose of financing a portion of the costs of the construction of improvements to the water facilities of the City's combined Electric, Water, and Sewer system (the System). The bonds are not a general obligation of the City, but are secured by a pledge of and are payable from revenues of the System. The City entered into an agreement with the Arkansas Development Finance Authority ("ADFA") whereby ADFA agreed to purchase up to the par amount of the bonds. The bonds were issued in increments that corresponded to the construction activity. The bonds are subordinate to the Series 1998 bonds. The bonds bear interest at 2.25% and the City is required to pay the bond servicer (ADFA) a servicing fee of 1% per annum on the outstanding principal of the bonds. During 2021, the City retired \$400,949 in principal of the outstanding bonds.

Combined Electric, Water and Sewer Revenue Bonds, Series 2006B – On April 1, 2006, the City issued \$2,600,000 in Combined Electric, Water and Sewer Revenue bonds for the purpose of constructing extensions, betterments and improvements to the water facilities of the System, fund a debt service reserve, and pay costs of issuing the Bonds. The bonds are not a general obligation of the City, but are secured by a pledge of and are payable from revenues of the System. The bonds are subordinate to the Series 2006A and Series 1998 bonds. The bonds bear an interest rate ranging from 5.2% to 5.95%. During 2021, the City retired \$165,000 in principal of the outstanding bonds.

Combined Electric, Water and Sewer Revenue Bonds, Series 2000 – On June 13, 2000, the City issued \$5,500,000 in Combined Electric, Water and Sewer Revenue bonds for the purpose of planning, design, construction and/or rehabilitation of the wastewater treatment facilities. The bonds are not a general obligation of the City, but are secured by a pledge of and are payable from revenues of the System. The City entered into an agreement with ADFA whereby ADFA agreed to purchase up to the par amount of the bonds. The bonds were issued in increments that corresponded to the construction activity. The bonds are subordinate to the Series 1998 bonds. The bonds bear interest at 2.75% and the City is required to pay the bond servicer (ADFA) a servicing fee of 1% per annum on the outstanding principal of the bonds. During 2021, the City retired \$363,820 in principal of the outstanding bonds.

Combined Electric, Water and Sewer Revenue Bonds, Series 1998 – On October 27, 1998, the City issued \$2,150,000 in Combined Electric, Water and Sewer Revenue bonds for the purpose of planning, design and construction of wastewater treatment facilities. The bonds are not a general obligation of the City, but are secured by a pledge of and are payable from revenues of the System. The City entered into an agreement with ADFA whereby ADFA agreed to purchase up to the par amount of the bonds. The bonds were issued in increments that corresponded to the construction activity. The bonds bear interest at 2.75% and the City is required to pay the bond servicer (ADFA) a servicing fee of 1% per annum on the outstanding principal of the bonds. During 2021, the City retired \$50,320 in the principal of the outstanding bonds. The bonds have been paid in full as of December 31, 2021.

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on revenue bonds outstanding at December 31, 2021.

Fiscal Year	Governmental Activities Bonds - Publicly Traded		Business Type Activities Bonds - Direct Placement		
	Principal	Interest	Principal	Interest	Fees
2022	\$ 1,980,000	\$ 2,256,213	\$ 962,371	\$ 129,694	\$ 36,488
2023	2,450,000	1,790,648	741,690	97,133	27,615
2024	2,460,000	1,779,623	634,285	73,915	22,362
2025	2,485,000	1,760,435	658,678	52,446	17,933
2026	2,580,000	1,658,805	468,542	30,060	13,359
2027-2031	14,780,000	6,410,075	915,265	27,888	12,394
2032-2036	17,320,000	3,868,275	-	-	-
2037-2041	19,455,000	1,731,922	-	-	-
2042-2046	20,535,000	651,368	-	-	-
	<u>\$ 84,045,000</u>	<u>\$ 21,907,364</u>	<u>\$ 4,380,831</u>	<u>\$ 411,136</u>	<u>\$ 130,151</u>

For governmental activities, net pension liabilities and other post-employment liabilities have historically been the responsibility of the General Fund.

The following is a summary of pledged revenues of the City for the year ended December 31, 2021:

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and Fees	Period Revenue Will Not Be Available for Other Purposes
Governmental Activities:						
Sales and Use Tax Bonds, Series 2021A	Sales and Use Tax	\$ 53,399,550	\$ 2,274,821	4.3%	\$ 7,592,441	Until 2025
Sales and Use Tax Bonds, Series 2021B	Sales and Use Tax	53,399,550	2,274,821	4.3%	98,359,923	Until 2046
Business-Type Activities:						
Combined Electric, Water and Sewer Revenue Bonds, Series 2006A	Revenues of the Enterprise Fund	114,075,641	684,454	0.6%	3,515,658	Until 2028
Combined Electric, Water and Sewer Revenue Bonds, Series 2006B	Revenues of the Enterprise Fund	114,075,641	228,151	0.2%	874,962	Until 2025
Combined Electric, Water and Sewer Revenue Bonds, Series 2000	Revenues of the Enterprise Fund	114,075,641	456,303	0.4%	531,800	Until 2023

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Revenue Bonds from Direct Placements

The City's outstanding revenue bonds from direct placements of \$4,380,831 contain a provision that in an event of default, the bondholder may apply in proper action to a court for the appointment of a receiver to administer the City on behalf of the bondholder with the power to charge and collect rates sufficient to provide for the payments of the expenses of operation and to pay the bond interest and principal. The direct placements are associated with Revolving Loan Funds administered through the Arkansas Development Finance Authority.

Note 5: Interfund Receivables and Payables

Interfund receivables and payables as of December 31, 2021, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 516,755	\$ 12,086
Street fund	9,760	-
Federal Grant fund	-	31,755
Nonmajor Governmental funds	-	484,992
Enterprise fund	2,736	418
	<u>\$ 529,251</u>	<u>\$ 529,251</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 6: Interfund Transfers

Amount of interfund transfers between funds are summarized as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
General	\$ 632,680	\$ 69,934	\$ 562,746
Street	69,934		69,934
Non-major governmental funds		632,680	(632,680)
Total	<u>\$ 702,614</u>	<u>\$ 702,614</u>	<u>\$ -</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Transfers are used to move revenues from the fund where collected to the appropriate fund. These transfers represent movement of funds from impact fees held in non-major governmental funds to the respective funds for which the impact fees were imposed.

Note 7: Pension Plans

The City of Bentonville, Arkansas participates in three defined benefit pension plans; which are comprised of one agent multiple employer defined benefit pension plan and two cost-sharing multiple-employer defined benefit pension plans, each of which are described and illustrated in detail below. Aggregate amounts for the three pension plans are as follows:

	<u>FRPF</u>	<u>LOPFI</u>	<u>APERS</u>	<u>Total</u>
Net pension asset	\$ 2,626,103	\$ -	\$ -	\$ 2,626,103
Net pension liability	-	20,731,920	7,896,181	28,628,101
Deferred outflows of resources	-	4,396,770	1,323,622	5,720,392
Deferred outflows of resources - contributions	-	2,837,067	1,698,681	4,535,748
Deferred inflows of resources	663,631	5,510,679	14,422,202	20,596,512
Pension expense (income)	(237,948)	4,597,216	42,469	4,401,737

Pension items listed above for the Arkansas Public Employees Retirement System (APERS) Plan have been allocated between governmental activities and business-type activities (as well as proprietary funds) on the basis of total salaries.

The City also participates in the Bentonville Volunteer Fire Plan, an agent multiple-employer defined benefit plan. Pension items and disclosures have not been included herein because of the insignificance of their dollar amounts.

Firemen's Relief and Pension Fund ("FRPF") (the Old Plan)

Plan Description. The Firemen's Relief and Pension Fund ("FRPF") is an agent multiple-employer defined benefit pension plan for employees of the Fire Department who were hired prior to January 1, 1983. The Old Plans were established in accordance with Arkansas statutes and were closed, by state law, to new employees effective January 1, 1983. On June 25, 2013, the City entered into an agreement with the Arkansas local police and fire (LOPFI) retirement system whereby LOPFI assumed responsibility for administration and a portion of the obligation of the Old Plans pursuant to Act 364 of 1981, as amended, and Act 655 of 1983 of the General Assembly of the State of Arkansas. Per the Agreement between the City and LOPFI, the City will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the Old Plan's net pension obligation over a 30 year open amortization period. The Old Plan's benefit structure remains unchanged under the administration of LOPFI. The Old Plan issues separate stand-alone financial statements and can be obtained from the Arkansas Local Police and Fire Retirement System, 620 West 3rd Street, Little Rock, Arkansas, 72201.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Benefits. The FRPF provides retirement benefits for firemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member's final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member's final salary. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member's final salary. The PRPF also provides benefits for surviving spouses and dependent children in which widow's receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). No participants' benefits vest until normal retirement age. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan for up to 5 years. All firemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981 and described later in this footnote. Therefore, the Firemen's Fund is effectively closed to new members.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	10
DROP members	-
Active members	-
Total	<u><u>10</u></u>

Contributions. As the plan is closed to new members and there are no active members included in the plan, there are no contributions made by members to the plan. The contribution rate for the City is actuarially determined on an annual basis. However, due to the well-funded status of the plan, there has been no contribution requirement for the City in recent years. The Plan does, however, normally receive a state insurance turn back on an annual basis. However, no state insurance turn back was received during the year ended December 31, 2021.

Net Pension Asset. The City's net pension asset of \$2,626,103 as of December 31, 2021, was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial calculation as of December 31, 2020.

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Actuarial Assumptions

Valuation Date	December 31, 2020
Cost Method	Individual entry-age normal
Asset valuation method	5-Year smoothed market
Amortization method	Closed amortization period
Amortization period	10 years beginning January 1, 2020
Assumptions:	
Inflation rate	2.50%
Investment rate of return	7.50%

Mortality rates for retirees, beneficiaries, and DROP members were based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2016.

Actuarial assumptions used in the December 31, 2020 valuation were based on the results of actuarial experience studies. The experience study in FRPF was for the period January 1, 2012 through December 31, 2016, first used in the December 31, 2017 valuation. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the LOPFI Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of the plan.

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

The long-term expected rate of return on pension plan investment was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	25%	0.90%
Domestic Equity	42%	5.10%
Foreign Equity	18%	7.10%
Alternative Investments	15%	7.40%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of retired and DROP members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at January 1, 2021	\$ 6,095,830	\$ 8,155,623	\$ (2,059,793)
Changes for the year:			
Interest	411,597	-	411,597
Differences between expected and actual experience	63,704	-	63,704
Contributions - employer	-	17,048	(17,048)
Contributions - employee	-	-	-
Net investment income	-	1,037,393	(1,037,393)
Benefit payments, including refunds of employee contributions	(431,749)	(431,749)	-
Change in assumptions	-	-	-
Administrative expense	-	(12,830)	12,830
Net changes	43,552	609,862	(566,310)
Balances at December 31, 2021	\$ 6,139,382	\$ 8,765,485	\$ (2,626,103)

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

The City has designated property tax millage to this plan that is paid directly to LOPFI and then allocated to the plan.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following table presents the net pension asset for the City using the current rate as compared to what the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage higher than the current rate:

	Sensitivity of the Net Pension Asset to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's Net Pension Asset	<u>\$ (1,946,048)</u>	<u>\$ (2,626,103)</u>	<u>\$ (3,197,973)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Old-Plan financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the City recognized pension income of \$237,948 related to this plan.

At December 31, 2021, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ (663,631)</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Amounts reported as deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	
2022	\$ (197,537)
2023	(109,292)
2024	(260,511)
2025	<u>(96,291)</u>
Total	<u>\$ (663,631)</u>

Local Police and Fire Retirement System (“LOPFI”)

Plan Description. The Arkansas Local Police and Fire Retirement System (“LOPFI”) is a statewide cost-sharing multiple-employer defined benefit pension plan administered by the LOPFI Board of Trustees. LOPFI provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan. On January 1, 2008, only firemen of the City participated in the plan. Effective July 1, 2008, policemen of the City began participating in the plan. LOPFI issues a publicly available report, which may be obtained by writing to LOPFI, P. O. Drawer 34164, Little Rock, Arkansas, 72203, or by calling 501.682.1745.

Benefits provided. LOPFI provides for a retirement benefit paid to the Member on a monthly basis. The monthly benefit is based on a formula provided by law for the Member’s lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age at retirement, retirement multiplier, amount of credit services (years and months), and final average pay (FAP). Each option available to the member provides for a different calculation based on these factors.

Contributions. Contributions to LOPFI are made by both the Member and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 2.5 percent of covered payroll for policemen and 8.5 percent of covered payroll for firemen. The City contributed 23.50% of covered employee’s salaries to the plan for policemen and firemen for the year ended December 31, 2021. Contributions made to the plan by employees and the City for the year ended December 31, 2021 amounted to \$714,181 and \$2,837,067, respectively.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a liability of \$20,731,920 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2020, the City's proportion was 3.01562 percent, which was an increase of 0.15981 percent from the prior year.

For the year ended December 31, 2021, the City recognized pension expense of \$4,597,216 related to this plan. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,340,674	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,321,185
Changes in assumptions	577,914	-
Changes in proportion	1,478,182	189,494
Contributions subsequent to the measurement date	2,837,067	-
Total	<u>\$ 7,233,837</u>	<u>\$ 5,510,679</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,837,067 will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending December 31	
2022	\$ 626,494
2023	306,409
2024	(1,266,784)
2025	<u>(780,028)</u>
Total	<u><u>\$ (1,113,909)</u></u>

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	3.75 to 18.25 percent, including inflation
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2014 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2014 Employee benefit weighted generational mortality tables for males and females. Fifty percent of deaths-in-service were assumed to be duty related. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2020 actuarial evaluation to more closely reflect actual experience.

City of Bentonville, Arkansas
Notes to Financial Statements
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Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	25.00%	0.90%
Domestic Equity	42.00%	5.10%
Foreign Equity	18.00%	7.10%
Alternative Investments	15.00%	7.40%
Total	100.00%	

Discount Rate

In the December 31, 2020 actuarial valuation, a single discount rate of 7% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	\$ 35,394,378	\$ 20,731,920	\$ 8,906,007

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report.

Arkansas Public Employees Retirement System ("APERS")

Plan Description. For certain other employees, the City contributes to the Arkansas Public Employees Retirement System ("APERS"), a cost-sharing multiple-employer defined benefit plan administered by the APERS Board of Trustees. APERS provides retirement, death and disability benefits and annual cost-of-living adjustments to plan members. APERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to APERS, One Union National Plaza, Little Rock, AR 72201 or by calling 501.682.7800.

Act 2084 of the 2005 Arkansas General Assembly provides for a new contributory program for APERS members hired on or after July 1, 2005, and those non-contributory members who elect to become contributory. Members participating in the contributory program will contribute 5% of their annual compensation, pre-tax (taxes are deferred). All active APERS members employed before July 1, 2005, had six months to elect coverage under the contributory program. The deadline to elect to be contributory was December 31, 2005. The contributory program does not provide for a temporary annuity for participants. However, the contributory program does provide for a higher multiplier (2.0%) that is utilized to calculate the member's retirement benefit.

Benefits provided. Benefits under APERS are calculated depending on the member's hire date, with retirees separated into two separate categories; the non-contributory plan applies to all persons hired prior to July 1, 2005 while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65 with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of one percent for each month retirement precedes normal retirement age or one-percent for each month below 28 years of actual service, whichever is less. Under the non-contributory plan, the benefit calculation is equal to a factor of 1.72% of the member's final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional .5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

Under both the non-contributory and contributory plan, the member's final average salary is the highest 36 calendar months of covered compensation. In addition, a cost-of-living adjustment of 3% annually is included in the current benefits.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Contributions. Contributions to APERS are made by both the Member (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City contributed 15.32% of covered employee's salaries to the plan for the period January 1, 2021 to December 31, 2021. Contributions made to the plan by employees and the City for the year ended December 31, 2021 amounted to \$818,377 and \$3,298,772, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a liability of \$7,896,181 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At June 30, 2021, the City's proportion was 1.02703553%, which is an increase of .03244574% from the prior year.

For the year ended December 31, 2021, the City recognized pension expense of \$42,469. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,717	\$ 506,413
Change of assumptions	-	55,311
Changes in proportion	1,142,905	-
Net difference between projected and actual earnings on pension plan investments	-	13,860,478
Contributions subsequent to the measurement date	<u>1,698,681</u>	<u>-</u>
Total	<u>\$ 3,022,303</u>	<u>\$ 14,422,202</u>

City of Bentonville, Arkansas

Notes to Financial Statements

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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,698,681 will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	
2022	\$ (2,880,991)
2023	(2,779,940)
2024	(3,231,417)
2025	<u>(4,206,232)</u>
Total	<u>\$ (13,098,580)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 percent to 9.85 percent
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2006 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2006 Employee benefit weighted generational mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2021 actuarial evaluation to more closely reflect actual experience.

City of Bentonville, Arkansas
Notes to Financial Statements
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Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Assets	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%
Total	100.00%	

Discount Rate

In the June 30, 2021 actuarial valuation, a single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Sensitivity of the City's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.15 percent, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.15%	Current Single Rate Assumption 7.15%	1% Increase 8.15%
City's proportionate share of the net pension liability/(asset)	<u>\$ 23,620,588</u>	<u>\$ 7,896,181</u>	<u>\$ (5,089,915)</u>

Note 8: Other Postemployment Benefits (OPEB)

Plan Description: The City sponsors and administers an informal single-employer defined benefit healthcare plan. Retirees who are vested in their retirement plan and are eligible to receive a retirement benefit (and actually apply for and receive the retirement benefit) are eligible to purchase continued health benefits coverage for the retiree and the retiree's dependents until Medicare eligibility. The City Council has the authority to establish and amend the requirements of this plan. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

Funding Policy: The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees. Retirees pay premiums ranging from \$417.55 to \$1,419.58 per month depending on the coverage elected. The City's policy maintains that retirees must pay 100% of the cost of premiums. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense in the applicable fund as liabilities are incurred. There were 19 retirees covered under this plan at December 31, 2021. Dependent coverage was provided for three of the retirees. Total benefits paid by the City for retirees during the fiscal year were \$128,782.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Employees covered by benefit terms - at December 31, 2021, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	19
Inactive plan members entitled to but not receiving benefit payments	0
Active members	<u>478</u>
 Total	 <u><u>497</u></u>

Total OPEB Liability - The City's total OPEB liability of \$8,135,481 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions: The Total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.25 percent based on the 20 year municipal bond yield from the Bond Buyer's index. Prior discount rate was 2.12 percent
Salary increases	3.25 percent
Inflation rate	2.50 percent
Healthcare Cost	
Trend rates	7.5 percent for 2022 decreasing annually, to ultimate rate of 4.5 percent for 2028
Cost Method	Allocation of Actuarial Present Value of Future Benefits for Services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary were: Services cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefits at retirement; and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.
Mortality	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality fully generational using Scale MP-2020

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

Changes in Total OPEB Liability

Service cost	\$ 630,525
Interest	161,310
Changes in assumptions	(113,335)
Differences between expected and actual experience	543,199
Benefit payments	<u>(128,782)</u>
Net change in total OPEB liability	1,092,917
Total OPEB Liability - beginning of year	<u>7,042,564</u>
Total OPEB Liability - end of year	<u><u>\$ 8,135,481</u></u>

Sensitivity of the Total OPEB Liability to the Discount Rate - The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Other Postemployment Benefits Liability	<u>\$ 9,052,558</u>	<u>\$ 8,135,481</u>	<u>\$ 7,318,593</u>

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rates - The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Other Postemployment Benefits Liability	<u>\$ 6,991,605</u>	<u>\$ 8,135,481</u>	<u>\$ 9,517,084</u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2021

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended December 31, 2021, the City recognized OPEB expense of \$900,271. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 756,668	\$ (850,620)
Changes in assumptions	1,318,730	(342,988)
Total	<u>\$ 2,075,398</u>	<u>\$ (1,193,608)</u>

The balances as of December 31, 2021 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost
2022	\$ 108,434
2023	108,434
2024	108,434
2025	108,434
2026	108,434
Thereafter	<u>339,620</u>
Total	<u>\$ 881,790</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2021

Note 9: Risk Management

The City has various insurance policies to cover its potential liability risk areas (*e.g.*, automobile, personal property, contents and outside structures and worker's compensation). Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2020 to 2021; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

Note 10: Contingencies

The City, its agencies and its employees are defendants in various legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts and alleged violations of state and federal laws. Based on the current status of all of these legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position.

Note 11: Subsequent Events

In April of 2022, the City issued Combined Electric, Water & Sewer Utility Revenue Bonds. The principal amount of the bonds was approximately \$12 million and will be used to provide funds to reimburse the Utility System for one-half of an extraordinary power purchase charge resulting from the major storm in February 2021, refund the outstanding Series 2000, Series 2006A and Series 2006B Revenue Bonds, to provide a debt service reserve and pay expenses of authorizing and issuing the Series 2021 Bonds.

Required Supplementary Information

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City of Bentonville, Arkansas
Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 7,036,303	\$ 7,036,303	\$ 7,621,467	\$ 585,164
Sales tax	27,267,968	27,267,968	36,894,138	9,626,170
State turnback	1,503,671	1,503,671	1,750,503	246,832
Franchise taxes	5,697,275	5,697,275	5,704,169	6,894
Charges for services	4,679,069	4,679,069	4,943,982	264,913
Fines and forfeitures	498,372	498,372	485,950	(12,422)
Licenses and permits	1,313,023	1,313,023	2,718,317	1,405,294
Grants	55,439	5,240,857	2,875,107	(2,365,750)
Contributions	52,510	183,135	518,580	335,445
Interest	167,382	167,382	158,981	(8,401)
Investment income (loss)	-	-	(5,764)	(5,764)
Miscellaneous	3,025,650	3,096,335	1,586,032	(1,510,303)
Total revenues	51,296,662	56,683,390	65,251,462	8,568,072
Expenditures				
Current				
General government	8,174,495	8,691,598	7,613,337	1,078,261
Public safety	25,593,534	25,982,564	25,433,415	549,149
Recreation	10,118,302	12,069,913	10,558,612	1,511,301
Library	1,818,727	1,869,874	1,683,391	186,483
Capital outlay	5,715,703	31,041,965	9,185,859	21,856,106
Total expenditures	51,420,761	79,655,914	54,474,614	25,181,300
Excess (Deficiency) of Revenues Over Expenditures	(124,099)	(22,972,524)	10,776,848	33,749,372
Other Financing Sources (Uses)				
Sale of capital assets	-	-	77,050	77,050
Transfers in	140,000	6,554,989	632,680	(5,922,309)
Transfers out	-	(69,934)	(69,934)	-
Total other financing sources (uses)	140,000	6,485,055	639,796	(5,845,259)
Net Change in Fund Balances	15,901	(16,487,469)	11,416,644	27,904,113
Fund Balances, Beginning of Year	62,906,166	62,906,166	62,906,166	-
Fund Balances, End of Year	<u>\$ 62,922,067</u>	<u>\$ 46,418,697</u>	<u>\$ 74,322,810</u>	<u>\$ 27,904,113</u>

City of Bentonville, Arkansas
Budgetary Comparison Schedule -
Street Fund
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 2,187,967	\$ 2,187,967	\$ 2,369,929	\$ 181,962
State turnback	2,633,610	2,633,610	3,443,840	810,230
Charges for services	21,000	21,000	51,265	30,265
Licenses and permits	-	-	17,034	17,034
Grants	-	2,526,543	1,266,100	(1,260,443)
Contributions	-	2,625	-	(2,625)
Interest	27,514	27,514	29,405	1,891
Miscellaneous	-	-	266,330	266,330
Total revenues	4,870,091	7,399,259	7,443,903	44,644
Expenditures				
Current:				
Street Department	2,922,253	3,179,341	3,741,945	(562,604)
Capital outlay	1,542,800	7,426,951	1,657,384	5,769,567
Total expenditures	4,465,053	10,606,292	5,399,329	5,206,963
Excess (Deficiency) of Revenues Over Expenditures	405,038	(3,207,033)	2,044,574	5,251,607
Other Financing Sources (Uses)				
Sale of capital assets	-	-	1,123,678	1,123,678
Transfers in	-	69,934	69,934	-
Transfers out	(69,165)	(69,165)	-	69,165
Total other financing sources (uses)	(69,165)	769	1,193,612	1,192,843
Net Change in Fund Balances	335,873	(3,206,264)	3,238,186	6,444,450
Fund Balances, Beginning of Year	6,111,621	6,111,621	6,111,621	-
Fund Balances, End of Year	<u>\$ 6,447,494</u>	<u>\$ 2,905,357</u>	<u>\$ 9,349,807</u>	<u>\$ 6,444,450</u>

City of Bentonville, Arkansas
Budgetary Comparison Schedule -
Federal Grant Fund
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants	\$ -	\$ 3,471,778	\$ 1,242,845	\$ (2,228,933)
Total revenues	-	3,471,778	1,242,845	(2,228,933)
Expenditures				
Current:				
General government	-	2,198,561	1,211,090	987,471
Capital outlay	-	30,000	31,755	(1,755)
Total expenditures	-	2,228,561	1,242,845	985,716
Net Change in Fund Balances	-	1,243,217	-	(1,243,217)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 1,243,217</u>	<u>\$ -</u>	<u>\$ (1,243,217)</u>

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City of Bentonville, Arkansas
Retiree Healthcare Plan
Schedule of the City's Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 630,525	\$ 440,363	\$ 350,443	\$ 340,441
Interest	161,310	222,061	227,467	185,817
Differences between expected and actual experience	543,199	(1,063,276)	257,644	145,729
Changes of assumptions or other inputs	(113,335)	1,175,106	540,922	(401,643)
Benefit payments	<u>(128,782)</u>	<u>(204,440)</u>	<u>(173,719)</u>	<u>(122,045)</u>
Net change in total OPEB liability	1,092,917	569,814	1,202,757	148,299
 Total OPEB liability - beginning	 7,042,564	 6,472,750	 5,269,993	 5,121,694
Total OPEB liability - ending	<u>\$ 8,135,481</u>	<u>\$ 7,042,564</u>	<u>\$ 6,472,750</u>	<u>\$ 5,269,993</u>
 Covered-employee payroll	 \$ 33,093,429	 \$ 28,116,711	 \$ 27,868,664	 \$ 24,500,575
 Total OPEB liability as a percentage of covered- employee payroll	 24.6%	 25.0%	 23.2%	 21.5%

Notes to Schedule:

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the City will only present available information.

Change in Assumptions:

	2021	2020	2019
Discount Rate	2.25%	2.12%	3.26%
Health Care Cost Trend Rates	7.5% for 2022 decreasing annually to 4.5% for 2028	7% for 2021 decreasing annually to 4.5% for 2026	7.5% for 2020 decreasing annually to 4.5% for 2026
Mortality	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality fully generational using Scale MP-2020	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality fully generational using Scale MP-2020	RPH-2019 Total Dataset Mortality Table fully generational using Scale MP-2019

City of Bentonville, Arkansas
Retiree Healthcare Plan
Schedule of the City's Changes in Total OPEB Liability and Related Ratios
(Continued)

	<u>2018</u>
Discount Rate	4.11%
Health Care Cost Trend Rates	8% for 2019 decreasing annually to 4.5% for 2026
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018

City of Bentonville, Arkansas

Agent Multiple-Employer Plan

Schedule of Changes in the City's Net Pension Asset and Related Ratios - FRPF

Fiscal Year Ended December 31,	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Interest	\$ 411,597	\$ 408,662	\$ 405,456	\$ 429,845	\$ 437,660	\$ 466,923	\$ 398,688
Difference between actual and expected experience	63,704	58,343	51,252	(192,297)	219,904	(60,276)	804,333
Assumption changes	-	-	-	417,704	-	132,682	-
Benefit payments	(431,749)	(418,394)	(403,429)	(415,392)	(1,101,418)	(355,876)	(344,268)
Net Change in Total Pension Liability	43,552	48,611	53,279	239,860	(443,854)	183,453	858,753
Total Pension Liability - Beginning	6,095,830	6,047,219	5,993,940	5,754,080	6,197,934	6,014,481	5,155,728
Total Pension Liability - Ending (a)	<u>\$ 6,139,382</u>	<u>\$ 6,095,830</u>	<u>\$ 6,047,219</u>	<u>\$ 5,993,940</u>	<u>\$ 5,754,080</u>	<u>\$ 6,197,934</u>	<u>\$ 6,014,481</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 17,048	\$ 17,254	\$ 13,795	\$ (62,065)	\$ 21,017	\$ 16,427	\$ 15,135
Contributions - employee	-	-	-	-	37,908	-	-
Net investment income	1,037,393	1,314,415	(218,852)	993,670	441,257	14,939	581,099
Local plan administrative mergers	-	-	10	-	-	-	-
Benefit payments	(431,749)	(418,394)	(403,429)	(415,392)	(1,101,418)	(355,876)	(344,268)
Administrative Expense	(12,830)	(11,560)	(14,510)	(12,739)	(14,488)	(18,669)	(13,808)
Net Change in Plan Fiduciary Net Position	609,862	901,715	(622,986)	503,474	(615,724)	(343,179)	238,158
Plan Fiduciary Net Position - Beginning	8,155,623	7,253,908	7,876,894	7,373,420	7,989,144	8,332,323	8,094,165
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,765,485</u>	<u>\$ 8,155,623</u>	<u>\$ 7,253,908</u>	<u>\$ 7,876,894</u>	<u>\$ 7,373,420</u>	<u>\$ 7,989,144</u>	<u>\$ 8,332,323</u>
City's Net Pension Asset (a) - (b)	<u>\$ (2,626,103)</u>	<u>\$ (2,059,793)</u>	<u>\$ (1,206,689)</u>	<u>\$ (1,882,954)</u>	<u>\$ (1,619,340)</u>	<u>\$ (1,791,210)</u>	<u>\$ (2,317,842)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	142.77%	133.79%	119.95%	131.41%	128.14%	128.90%	138.54%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

Change in Assumptions:

(1) In 2018, the investment rate of return changed from 7.75% in 2017 to 7.00% in 2018 (2) In 2016, the inflation rate decreased from 3.00% in 2015 to 2.75% in 2016; the investment rate of return decreased from 8.00% in 2015 to 7.75% in 2016; and the projected salary increases decreased from 4.00% in 2015 to 3.75% in 2016

City of Bentonville, Arkansas
Agent Multiple-Employer Plan
Schedule of Contributions - FRPF

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ -	\$ 16,427	\$ (16,427)	\$ -	N/A
2016	-	21,017	(21,017)	-	N/A
2017	-	(62,065)	62,065	-	N/A
2018	-	13,795	(13,795)	-	N/A
2019	-	17,254	(17,254)	-	N/A
2020	-	-	-	-	N/A
2021	-	18,390	(18,390)	-	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	10 Years beginning January 1, 2020
Asset Valuation	5 Year Smoothed Market, 20% Soft Corridor
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility benefits. Last updated for the 2017 pursuant to an experience study of the period 2012-2016.
Mortality	RP2014 Healthy Annuitant. Disabled Retiree and Employee mortality for males and females. The tables applied credibility adjustment of 135% for males and 123% for females were adjusted for fully generational mortality improvements using Scale MP-2016.

Note: Information in this schedule has been determined as of the City's most recent fiscal year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of the City's Proportionate Share of the Net Pension Liability - LOPFI

City Fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	3.01562%	2.85581%	2.73423%	2.71200%	2.64262%	2.54026%	2.472571%
City's proportion share of the net pension liability	\$ 20,731,920	\$ 22,068,039	\$ 24,673,203	\$ 19,271,356	\$ 15,076,984	\$ 13,330,612	\$ 9,023,336
City's covered payroll	\$ 11,348,676	\$ 10,212,486	\$ 9,330,536	\$ 8,798,931	\$ 8,004,466	\$ 7,951,238	\$ 6,953,609
City's proportionate share of the net pension liability as a percentage of its covered payroll	182.68%	216.09%	264.44%	219.02%	188.36%	167.65%	129.76%
Plan fiduciary net position as a percentage of the total pension liability	77.80%	73.03%	66.09%	71.48%	72.87%	72.90%	79.14%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of City Contributions - LOPFI

City Fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,837,067	\$ 2,676,967	\$ 2,399,934	\$ 2,135,877	\$ 1,940,202 (1)	\$ 1,684,557 (1)	\$ 1,639,457
Contributions in relation to the contractually required contribution	<u>(2,837,067)</u>	<u>(2,676,967)</u>	<u>(2,399,934)</u>	<u>(2,135,877)</u>	<u>(1,940,202)</u>	<u>(1,684,557)</u>	<u>(1,639,457)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 12,065,543	\$ 11,348,676	\$ 10,212,486	\$ 9,330,536	\$ 8,798,931	\$ 8,004,748	\$ 7,951,239
Contributions as a percentage of covered payroll	23.51%	23.59%	23.50%	22.89%	22.05%	21.04%	20.62%

Note: Information in this schedule has been determined as of the City's most recent fiscal year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Bentonville, Arkansas

Cost-Sharing Plan

Schedule of the City's Proportionate Share of the Net Pension Liability - APERS

City Fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.02703553%	0.99458979%	0.98044303%	0.92204720%	0.89669761%	0.82968373%	0.80078759%
City's proportion share of the net pension liability	\$ 7,896,181	\$ 28,480,919	\$ 23,653,470	\$ 20,339,762	\$ 23,171,926	\$ 19,840,626	\$ 14,748,372
City's covered payroll	\$ 20,363,796	\$ 19,310,426	\$ 18,020,449	\$ 17,225,762	\$ 16,818,306	\$ 14,261,744	\$ 14,277,688
City's proportionate share of the net pension liability as a percentage of its covered payroll	38.78%	147.49%	131.26%	118.08%	137.78%	139.12%	103.30%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

Note: Information in this schedule has been determined as of the measurement date (June 30 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of City Contributions - APERS

City Fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,289,292	\$ 3,111,695	\$ 2,875,787	\$ 2,636,432	\$ 2,444,877	\$ 2,260,596	\$ 2,224,163
Contributions in relation to the actuarially required contribution	(3,289,292)	(3,111,695)	(2,875,787)	(2,636,432)	(2,444,877)	(2,260,596)	(2,224,163)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 21,470,574	\$ 19,828,470	\$ 18,771,454	\$ 17,534,429	\$ 16,714,991	\$ 15,590,294	\$ 15,208,940
Contributions as a percentage of covered payroll	15.32%	15.69%	15.32%	15.04%	14.63%	14.50%	14.62%

Note: Information in this schedule has been determined as of the City's most recent fiscal year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Bentonville, Arkansas

Notes to Required Supplementary Information

December 31, 2021

Budget and Budgetary Accounting

The City Council (the “Council”) adheres to the following procedures in establishing the budgets reflected in the accompanying general purpose financial statements:

1. Prior to December 1, the Mayor and Finance Director submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to February 1, the budget is legally enacted through approval by the Council.
4. Budget for the general and street funds are adopted on a basis consistent, in all material respects, with accounting principles generally accepted in the United States of America (“GAAP”).

Budgeted revenues and expenditures represented the formal operating budget adopted by the City Council, as amended by the Council during the year. The legal level of budgetary control is maintained at the fund level for all funds. Management control is maintained at the department level. Budgeted amounts, other than ongoing capital projects not spent by year end, lapse. Expenditures greater than budgeted amounts must be approved by the Council by voting to amend the budget.

Pensions

LOPFI

Economic Assumptions

Investment Rate of Return	7.50%
Price Inflation	2.50%
Pay Increase Assumptions	Ranges from 3.75 to 18.25%
Wage inflation	3.25%
Total Number of Active Members	Assumed to continue at the present number.

APERS

Investment Rate of Return	7.15%
Pay Increase Assumptions	Ranges from 3.25% to 9.85% depending on service years, including 3.25% for wage inflation.
Total Active Member Payroll	Assumed to increase 3.25% per year, which is the portion of the individual pay increase assumptions attributable to wage inflation.
Total Number of Active Members	Assumed to continue at the present number.

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**Combining and Individual Fund
Financial Statements and Schedules**

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City of Bentonville, Arkansas
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2021

	Impact & Capacity	Court	Total Nonmajor Governmental Funds
Assets			
Accounts receivable:			
Grants and other	\$ -	\$ 5,219	\$ 5,219
Restricted assets			
Cash and cash equivalents	11,172,930	274,914	11,447,844
Total assets	<u>\$ 11,172,930</u>	<u>\$ 280,133</u>	<u>\$ 11,453,063</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 98,713	\$ 98,713
Due to other funds	484,992	-	484,992
Due to other governments	<u>-</u>	<u>181,420</u>	<u>181,420</u>
Total liabilities	<u>484,992</u>	<u>280,133</u>	<u>765,125</u>
Fund balances			
Restricted			
New growth	10,687,938	-	10,687,938
Total fund balances	<u>10,687,938</u>	<u>-</u>	<u>10,687,938</u>
Total liabilities and fund balances	<u>\$ 11,172,930</u>	<u>\$ 280,133</u>	<u>\$ 11,453,063</u>

City of Bentonville, Arkansas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Impact/Capacity Fees	Total Nonmajor Governmental Funds
Revenues		
Impact fees	\$ 4,150,437	\$ 4,150,437
Interest	27,586	27,586
Total revenues	4,178,023	4,178,023
Other Financing Sources (Uses)		
Transfers out	(632,680)	(632,680)
Net Other Financing Sources (Uses)	(632,680)	(632,680)
Net Change in Fund Balances	3,545,343	3,545,343
Fund Balances at Beginning of Year	7,142,595	7,142,595
Fund Balances at End of Year	<u>\$ 10,687,938</u>	<u>\$ 10,687,938</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Sales tax	\$ 12,380,335	\$ 12,380,335	\$ 16,536,547	\$ 4,156,212
Interest	-	-	2,122	2,122
Miscellaneous	-	-	764	764
Total revenues	12,380,335	12,380,335	16,539,433	4,159,098
Expenditures				
Principal	12,380,335	12,380,335	15,728,796	(3,348,461)
Interest	-	-	704,303	(704,303)
Bond issue costs	-	-	801,490	(801,490)
Total expenditures	12,380,335	12,380,335	17,234,589	(4,854,254)
Deficiency of Revenues Over Expenditures	-	-	(695,156)	(695,156)
Other financing sources (uses)				
Debt proceeds	-	-	9,765,833	9,765,833
Original issue premium	-	-	5,127,487	5,127,487
Transfer to Escrow Agent	-	-	(11,773,874)	(11,773,874)
Total other financing sources (uses)	-	-	3,119,446	3,119,446
Net Change in Fund Balances	-	-	2,424,290	2,424,290
Fund Balances at Beginning of Year	7,956,798	7,956,798	7,956,798	-
Fund Balances at End of Year	<u>\$ 7,956,798</u>	<u>\$ 7,956,798</u>	<u>\$ 10,381,088</u>	<u>\$ 2,424,290</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Impact/Capacity Fees
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Impact fees	\$ 1,785,000	\$ 1,785,000	\$ 4,150,437	\$ 2,365,437
Interest	-	-	27,586	27,586
Total revenues	1,785,000	1,785,000	4,178,023	2,393,023
Expenditures				
Public safety	800,000	800,000	-	800,000
Recreation	900,000	900,000	-	900,000
Library	85,000	85,000	-	85,000
Total expenditures	1,785,000	1,785,000	-	1,785,000
Other Financing Sources (Uses)				
Transfers out	-	-	(632,680)	(632,680)
Net other financing sources (uses)	-	-	(632,680)	(632,680)
Net Change in Fund Balances	-	-	3,545,343	3,545,343
Fund Balances at Beginning of Year	7,142,595	7,142,595	7,142,595	-
Fund Balances at End of Year	<u>\$ 7,142,595</u>	<u>\$ 7,142,595</u>	<u>\$ 10,687,938</u>	<u>\$ 3,545,343</u>

City of Bentonville, Arkansas
Combining Statement of Revenues and Expenses -
Enterprise Fund
Year Ended December 31, 2021

	Electric	Water	Wastewater	Sanitation	Support Services and Other	Total
Operating Revenues						
Charges for services	\$ 78,828,519	\$ 12,917,344	\$ 15,031,553	\$ 6,312,831	\$ 613,082	\$ 113,703,329
Other, net	28,476	288,717	1,123	-	22,928	341,244
Total operating revenues	78,856,995	13,206,061	15,032,676	6,312,831	636,010	114,044,573
Operating Expenses						
Salaries and fringe benefits	5,131,245	1,984,033	2,903,522	-	1,411,936	11,430,736
Contract purchases	75,610,899	7,326,078	5,675,869	5,719,260	-	94,332,106
Maintenance	615,375	509,608	419,443	520	32,573	1,577,519
Depreciation and amortization	3,221,901	1,923,903	2,241,710	-	598,382	7,985,896
Materials and supplies	382,306	207,130	469,560	-	249,101	1,308,097
Other services and charges	4,057,604	789,317	1,173,243	68,622	1,239,946	7,328,732
Total operating expenses	89,019,330	12,740,069	12,883,347	5,788,402	3,531,938	123,963,086
Operating Income (Loss)	(10,162,335)	465,992	2,149,329	524,429	(2,895,928)	(9,918,513)
Nonoperating Income (Expenses)						
Interest income	100,127	23,696	12,228	6,368	-	142,419
Investment Income	(2,833)	(750)	(375)	(208)	-	(4,166)
Bond interest and fiscal agent charges	-	(164,392)	(29,524)	-	-	(193,916)
Bond Principal	-	50,293	(50,293)	-	-	-
Gain on sale of capital assets	60,885	8,700	-	-	-	69,585
Developer funded infrastructure revenue	41,108,945	28,762	1,894	-	-	41,139,601
Grants	6,693,949	-	-	-	-	6,693,949
Net non-operating revenues (expenses)	47,961,073	(53,691)	(66,070)	6,160	-	47,847,472
Income (Loss) Before Contributions and Transfers	37,798,738	412,301	2,083,259	530,589	(2,895,928)	37,928,959
Capital contributions	968,038	1,765,690	941,325	-	-	3,675,053
Change in Net Position	<u>\$ 38,766,776</u>	<u>\$ 2,177,991</u>	<u>\$ 3,024,584</u>	<u>\$ 530,589</u>	<u>\$ (2,895,928)</u>	<u>\$ 41,604,012</u>

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Statistical Section

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City of Bentonville, Arkansas

Statistical Section

This section of the City of Bentonville, Arkansas annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information reflects about the City's overall financial health.

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Operating Information (Tables 15–20)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs.....91

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City of Bentonville, Arkansas
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities										
Net investments in capital assets	\$ 293,728,622	\$ 279,366,430	\$ 252,689,293	\$ 232,185,202	\$ 214,744,281	\$ 195,975,422	\$ 177,894,726	\$ 162,543,988	\$ 145,403,467	\$ 141,834,069
Restricted	36,106,223	26,232,902	21,881,884	20,794,051	19,818,040	16,800,936	20,714,460	19,104,639	14,783,330	13,317,046
Unrestricted	41,607,804	29,922,922	34,860,246	32,844,983	34,279,668	27,397,280	24,192,710	37,569,695	41,833,773	34,369,973
Total governmental activities net position	<u>\$ 371,442,649</u>	<u>\$ 335,522,254</u>	<u>\$ 309,431,423</u>	<u>\$ 285,824,236</u>	<u>\$ 268,841,989</u>	<u>\$ 240,173,638</u>	<u>\$ 222,801,896</u>	<u>\$ 219,218,322</u>	<u>\$ 202,020,570</u>	<u>\$ 189,521,088</u>
Business-type activities										
Net investments in capital assets	\$ 263,586,357	\$ 208,392,983	\$ 202,310,382	\$ 196,638,875	\$ 190,003,709	\$ 177,477,573	\$ 161,108,420	\$ 155,815,515	\$ 145,769,235	\$ 140,507,220
Restricted	1,904,920	1,898,983	2,100,656	2,903,653	2,869,343	2,778,744	6,416,985	8,973,505	8,954,000	6,990,745
Unrestricted	35,206,442	48,801,741	39,938,805	32,421,266	26,076,418	28,427,793	31,495,140	26,384,643	26,098,489	23,680,469
Total business-type activities net position	<u>\$ 300,697,719</u>	<u>\$ 259,093,707</u>	<u>\$ 244,349,843</u>	<u>\$ 231,963,794</u>	<u>\$ 218,949,470</u>	<u>\$ 208,684,110</u>	<u>\$ 199,020,545</u>	<u>\$ 191,173,663</u>	<u>\$ 180,821,724</u>	<u>\$ 171,178,434</u>
Primary government										
Net investments in capital assets	\$ 557,314,979	\$ 487,759,413	\$ 454,999,675	\$ 428,824,077	\$ 404,747,990	\$ 373,452,995	\$ 339,003,146	\$ 318,359,503	\$ 291,172,702	\$ 282,341,289
Restricted	38,011,143	28,131,885	23,982,540	23,697,704	22,687,383	19,579,680	27,131,445	28,078,144	23,737,330	20,307,791
Unrestricted	76,814,246	78,724,663	74,080,201	65,266,249	60,356,086	55,825,073	55,687,850	63,954,338	67,932,262	58,050,442
Total Primary government net position	<u>\$ 672,140,368</u>	<u>\$ 594,615,961</u>	<u>\$ 553,062,416</u>	<u>\$ 517,788,030</u>	<u>\$ 487,791,459</u>	<u>\$ 448,857,748</u>	<u>\$ 421,822,441</u>	<u>\$ 410,391,985</u>	<u>\$ 382,842,294</u>	<u>\$ 360,699,522</u>

City of Bentonville, Arkansas
Changes in Net Position (Continued)
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
General government	\$ 10,035,028	\$ 10,764,635	\$ 11,262,376	\$ 8,199,550	\$ 8,380,920	\$ 7,838,616	\$ 7,159,267	\$ 6,878,233	\$ 6,541,906	\$ 6,064,188
Public safety	29,274,828	30,483,681	27,161,452	24,926,207	22,219,435	19,978,800	18,757,747	17,062,888	16,345,367	14,920,639
Recreation	11,555,797	11,533,775	11,908,261	10,579,540	10,239,510	9,126,620	7,469,788	5,744,250	5,023,191	4,526,151
Street department	10,648,467	11,794,878	9,571,784	8,880,453	8,522,377	7,950,435	7,405,637	7,427,751	6,997,032	6,234,879
Library	1,920,680	2,014,164	1,887,076	1,765,524	1,688,914	1,505,475	1,372,391	1,305,770	1,182,469	1,073,172
CDBG	-	-	-	184	7,147	46,716	81,941	136,825	118,021	158,849
Interest on long-term debt	1,605,676	1,464,550	1,929,130	2,297,161	2,382,481	2,011,778	2,271,497	2,462,735	2,650,613	2,788,366
Total governmental activities expenses	65,040,476	68,055,683	63,720,079	56,648,619	53,440,784	48,458,440	44,518,268	41,018,452	38,858,599	35,766,244
Business-type activities										
Electric	89,019,330	59,723,199	60,093,455	59,685,788	60,318,959	59,066,230	54,031,667	53,015,464	45,650,369	45,627,215
Water	15,903,270	14,973,111	13,871,208	13,511,887	12,918,078	11,859,994	8,297,783	8,030,105	7,918,055	7,920,925
Wastewater	9,914,062	10,096,434	9,615,262	9,372,920	9,255,683	8,396,479	10,428,470	10,421,342	10,367,625	10,461,886
Sanitation	5,788,402	5,406,151	5,109,186	4,624,380	4,197,480	3,891,758	3,614,926	3,346,211	3,081,332	3,966,186
Support	3,901,263	3,480,455	3,521,239	3,456,000	3,745,763	3,268,751	3,172,472	3,011,606	2,920,570	2,399,556
Total business-type activities expenses	124,526,327	93,679,350	92,210,350	90,650,975	90,435,963	86,483,212	79,545,318	77,824,728	69,937,951	70,375,768
Total primary government	\$ 189,566,803	\$ 161,735,033	\$ 155,930,429	\$ 147,299,594	\$ 143,876,747	\$ 134,941,652	\$ 124,063,586	\$ 118,843,180	\$ 108,796,550	\$ 106,142,012
Program Revenues										
Governmental activities										
Charges for Services:										
General government	\$ 948,989	\$ 3,070,578	\$ 3,232,206	\$ 2,660,236	\$ 411,878	\$ 311,264	\$ 315,176	\$ 311,698	\$ 283,608	\$ 252,981
Public safety	4,521,886	3,302,059	2,762,512	2,537,032	1,778,596	1,527,968	1,260,881	1,272,011	1,120,967	1,045,858
Recreation	3,159,359	1,789,880	5,781,222	4,595,838	3,568,737	3,269,930	2,221,136	979,407	817,841	670,083
Street department	67,442	1,510,106	2,779,600	958,771	33,259	66,379	39,940	64,336	89,365	55,318
Library	55,601	33,902	59,892	54,224	9	0				
Operating grants and contribution	5,841,361	6,119,081	660,682	3,369,266	5,402,348	7,545,636	4,924,083	2,499,028	1,428,695	1,281,973
Capital grants and contributions	4,610,177	12,434,429	5,050,131	5,513,785	5,909,573	4,795,540	3,436,893	5,787,147	4,585,176	1,998,723
Total governmental activities revenue	19,204,815	28,260,035	20,326,245	19,689,152	17,104,400	17,516,717	12,198,109	10,913,627	8,325,652	5,304,936
Business-type activities										
Charges for Services:										
Electric	78,828,519	68,092,503	70,130,577	68,494,676	66,007,652	62,539,169	58,752,316	56,079,341	51,351,834	51,001,844
Water	12,938,735	12,872,797	11,074,498	11,603,640	10,625,553	10,185,022	9,659,435	10,230,363	9,546,831	9,798,422
Wastewater	15,010,162	14,688,256	14,493,682	13,870,399	13,339,032	13,280,744	14,457,739	13,813,393	12,769,425	11,037,798
Sanitation	6,312,831	5,799,564	5,397,459	4,969,400	4,591,853	4,261,907	3,959,322	3,652,388	3,369,391	4,181,792
Support	985,394	295,496	633,512	987,220	929,561	887,122	875,159	864,817	815,528	809,887
Operating grants and contribution	6,693,949	827,105	-	150,122	11,978	137,426	-	14,391		-
Capital grants and contributions	44,814,654	4,459,130	2,432,863	3,150,912	4,158,642	1,203,774	852,198	1,951,232	913,234	810,951
Total business-type activities	165,584,244	107,034,851	104,162,591	103,226,369	99,664,271	92,495,164	88,556,169	86,605,925	78,766,243	77,640,694
Total primary government	\$ 184,789,059	\$ 135,294,886	\$ 124,488,836	\$ 122,915,521	\$ 116,768,671	\$ 110,011,881	\$ 100,754,278	\$ 97,519,552	\$ 87,091,895	\$ 82,945,630
Net (expense) revenue										
Governmental activities	\$ (45,835,661)	\$ (39,795,648)	\$ (44,438,594)	\$ (36,959,467)	\$ (36,336,384)	\$ (30,941,723)	\$ (32,320,159)	\$ (30,104,825)	\$ (30,532,947)	\$ (30,461,308)
Business-type activities	41,057,917	13,355,501	11,952,241	12,575,394	9,228,308	6,011,952	9,010,851	8,781,197	8,828,292	7,254,066
Total - primary government	\$ (4,777,744)	\$ (26,440,147)	\$ (32,486,353)	\$ (24,384,073)	\$ (27,108,076)	\$ (24,929,771)	\$ (23,309,308)	\$ (21,323,628)	\$ (21,704,655)	\$ (23,207,242)

City of Bentonville, Arkansas
Changes in Net Position (Continued)
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General revenues and other changes in net pension										
Governmental activities										
Property taxes	\$ 10,845,680	\$ 10,023,405	\$ 9,417,015	\$ 8,945,939	\$ 8,282,975	\$ 7,757,246	\$ 7,248,656	\$ 7,169,970	\$ 6,557,935	\$ 5,511,473
Sales taxes	53,399,550	43,279,794	39,654,947	35,758,719	37,651,052	30,117,108	29,458,234	26,383,529	26,320,374	24,481,898
State turnback	5,194,343	3,050,062	3,041,751	2,941,195	2,853,363	2,756,242	2,705,936	2,758,749	2,653,139	2,719,538
Franchise fees	5,704,169	5,506,867	5,368,133	5,653,246	5,351,361	4,788,966	4,599,120	4,477,679	4,166,269	3,991,999
Impact fees	4,150,437	2,858,636	-	-	-	-	-	-	-	-
Investment income	215,131	735,402	1,178,951	820,608	225,496	61,952	38,664	141,245	40,857	35,717
Gain on sales of capital assets	753,648	20,025	3,769,638	39,540	(30,542)	271,855	157,987	(1,475,353)	335,616	370,237
Transfers	-	(951,000)	-	(121,350)	-	(2,704,809)	(2,465,052)	(263,554)	(293,431)	(472,214)
Other	1,493,098	1,363,288	4,570,586	2,724,433	10,671,030	5,264,905	5,993,549	8,110,308	4,867,017	3,204,970
Special item - transfer of net pension asset	-	-	-	-	-	-	-	-	1,615,347	-
Total governmental activities	81,756,056	65,886,479	67,001,021	56,762,330	65,004,735	48,313,465	47,737,094	47,302,573	46,263,123	39,843,618
Business-type activities										
Investment income	138,253	394,011	289,274	133,581	41,398	36,505	36,685	26,111	32,208	32,752
Gain on sales of capital assets	69,585	-	24,061	-	272,526	634,635	246,613	448,502	-	-
Transfers	-	951,000	-	121,350	-	2,704,809	2,465,052	263,554	293,431	472,214
Other	338,257	43,352	120,473	813,873	723,128	275,664	1,438,958	832,574	489,359	457,624
Total business-type activities	546,095	1,388,363	433,808	1,068,804	1,037,052	3,651,613	4,187,308	1,570,741	814,998	962,590
Total primary government	\$ 82,302,151	\$ 67,274,842	\$ 67,434,829	\$ 57,831,134	\$ 66,041,787	\$ 51,965,078	\$ 51,924,402	\$ 48,873,314	\$ 47,078,121	\$ 40,806,208
Total change in net position										
Governmental activities	\$ 35,920,395	\$ 26,090,831	\$ 23,607,187	\$ 19,802,863	\$ 28,668,351	\$ 17,371,742	\$ 15,416,935	\$ 17,197,752	\$ 15,730,176	\$ 9,382,310
Business-type activities	41,604,012	14,743,864	12,386,049	13,644,198	10,265,360	9,663,565	13,198,159	10,351,939	9,643,290	8,216,656
Total - primary government	\$ 77,524,407	\$ 40,834,695	\$ 35,993,236	\$ 33,447,061	\$ 38,933,711	\$ 27,035,307	\$ 28,615,094	\$ 27,549,691	\$ 25,373,466	\$ 17,598,966

City of Bentonville, Arkansas
Fund Balances – Governmental Funds
Last Ten Years
(Accrual Basis of Accounting)

Table 3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund										
Nonspendable										
Prepaid expenditures	\$ 613,590	\$ 299,237	\$ 259,023	\$ 224,713	\$ 195,064	\$ 276,989	\$ 79,621	\$ 196,545	\$ 196,544	\$ 40,647
Restricted										
General capital improvements	4,153,328	3,032,914	2,202,079	2,169,461	-	631,806	211,073	244,089	202,710	222,935
Other	86,059	86,016	85,035	457,250	-	358,250	84,490	84,450	84,450	84,259
Unassigned	<u>69,469,833</u>	<u>59,487,999</u>	<u>57,991,185</u>	<u>51,638,842</u>	<u>48,453,612</u>	<u>38,160,366</u>	<u>34,229,088</u>	<u>32,846,738</u>	<u>36,961,000</u>	<u>28,357,600</u>
Total general fund	<u>74,322,810</u>	<u>62,906,166</u>	<u>60,537,322</u>	<u>54,490,266</u>	<u>48,648,676</u>	<u>39,427,411</u>	<u>34,604,272</u>	<u>33,371,822</u>	<u>37,444,704</u>	<u>28,705,441</u>
All other governmental funds										
Nonspendable										
Prepaid expenditures	323	323	642	550	1,225	1,275	1,336	1,273	1,344	1,264
Restricted										
Debt service	10,381,088	7,956,798	7,399,511	8,285,673	8,486,688	5,475,760	5,346,817	4,846,968	4,426,120	4,567,671
General capital improvements	86,701,116	17,972,203	21,530,144	23,649,222	29,016,117	1,927,588	7,405,024	8,670,569	10,839,800	14,028,640
New growth	10,687,938	7,142,595	5,978,017	5,572,099	4,480,877	1,599,901	2,811,377	3,896,869	3,742,765	2,542,808
Street improvements	<u>9,349,484</u>	<u>6,111,298</u>	<u>5,440,147</u>	<u>3,387,671</u>	<u>4,836,116</u>	<u>7,084,321</u>	<u>10,369,831</u>	<u>10,792,880</u>	<u>6,794,250</u>	<u>6,384,472</u>
Total all other governmental funds	<u>117,119,949</u>	<u>39,183,217</u>	<u>40,348,461</u>	<u>40,895,215</u>	<u>46,821,023</u>	<u>16,088,845</u>	<u>25,934,385</u>	<u>28,208,559</u>	<u>25,804,279</u>	<u>27,524,855</u>
Total governmental funds	<u>\$ 191,442,759</u>	<u>\$ 102,089,383</u>	<u>\$ 100,885,783</u>	<u>\$ 95,385,481</u>	<u>\$ 95,469,699</u>	<u>\$ 55,516,256</u>	<u>\$ 60,538,657</u>	<u>\$ 61,580,381</u>	<u>\$ 63,248,983</u>	<u>\$ 56,230,296</u>

City of Bentonville, Arkansas

Changes in Fund Balances – Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

Table 4

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Property Tax	\$ 9,991,396	\$ 9,530,177	\$ 8,973,078	\$ 8,277,403	\$ 7,852,968	\$ 7,155,619	\$ 7,082,789	\$ 6,944,206	\$ 6,272,529	\$ 5,967,805
Sales Tax	53,430,685	43,279,794	39,654,947	35,758,719	37,651,052	30,117,108	29,458,234	26,383,529	26,320,374	24,481,899
State Turnback	5,194,343	4,155,203	4,007,424	3,843,744	2,853,363	2,756,242	2,705,936	2,758,749	2,653,139	2,719,538
Impact Fees	4,150,437	2,858,636	4,119,459	2,391,272	3,325,568	1,861,178	2,380,435	1,667,956	1,908,400	1,551,223
Franchise Fees	5,704,169	5,506,867	5,368,133	5,653,246	5,351,361	4,788,966	4,599,120	4,477,679	4,166,269	3,991,999
Charges for services	4,995,247	3,916,496	6,459,222	6,099,014	5,691,285	5,143,334	3,837,133	2,627,452	2,311,781	2,024,240
Fines and forfeitures	485,950	388,542	488,999	495,928	498,991	511,851	479,057	477,741	466,573	544,725
Licenses and permits	2,735,351	1,960,842	1,819,605	1,752,257	1,370,136	1,322,683	1,133,957	1,152,863	896,757	868,393
Grants	5,384,052	7,352,436	2,662,127	4,214,651	4,412,572	7,433,636	4,858,773	2,677,432	1,680,257	1,263,663
Contributions	518,580	462,068	280,763	1,126,912	2,212,553	3,594,921	1,251,106	3,163,948	3,201,581	253,338
Interest	220,895	539,721	1,178,951	820,608	225,370	61,952	38,677	141,245	40,857	35,717
Investment income	(5,764)	195,681	-	-	-	-	-	-	-	-
Miscellaneous	1,853,126	1,903,661	1,282,201	816,284	5,441,919	1,569,948	1,979,200	4,791,275	1,557,194	794,663
Total revenues	94,658,467	82,050,124	76,294,909	71,250,038	76,887,138	66,317,438	59,804,417	57,264,075	51,475,711	44,497,203
Expenditures										
Current:										
General government	9,031,264	8,682,730	7,515,045	6,833,349	6,694,940	6,663,862	6,385,081	6,097,814	5,525,445	5,406,881
Public Safety	25,433,415	24,418,096	21,730,128	20,392,788	18,587,838	17,146,737	16,769,992	15,561,689	14,680,152	13,427,896
Recreation	10,558,612	9,077,193	9,582,308	8,507,693	8,163,683	7,252,049	6,009,329	4,603,727	4,077,746	3,684,363
Street Department	3,741,945	3,970,303	2,520,796	2,665,820	2,553,724	2,467,752	2,376,856	2,603,155	2,323,942	1,869,135
Library	1,683,391	1,777,953	1,609,734	1,449,844	1,386,429	1,256,940	1,168,999	1,108,606	983,062	895,126
CDBG	-	-	-	184	7,147	46,716	81,941	136,825	118,021	158,849
Capital Outlay	16,221,216	18,989,724	18,172,104	19,995,607	14,914,239	24,889,343	17,102,620	22,341,166	8,566,666	22,666,009
Debt Service										
Principal	15,728,796	11,535,000	11,516,950	9,121,959	7,970,000	7,035,000	6,245,000	5,160,000	5,560,000	4,400,000
Interest	704,303	1,464,550	1,917,180	2,285,202	2,269,991	2,481,252	2,481,252	2,481,252	2,668,529	2,812,133
Bond interest costs	801,490	-	-	-	-	-	-	-	-	-
Total expenditures	83,904,432	79,915,549	74,564,245	71,252,446	62,547,991	69,239,651	58,621,070	60,094,234	44,503,563	55,320,392
Excess (deficiencies) of revenues over expenditures	10,754,035	2,134,575	1,730,664	(2,408)	14,339,147	(2,922,213)	1,183,347	(2,830,159)	6,972,148	(10,823,189)
Other Financing Sources (Uses)										
Sale of capital assets	1,200,728	20,025	3,769,638	39,540	106,065	161,330	51,659	1,425,155	335,616	370,237
Debt proceeds	84,045,000	-	-	-	25,508,231	-	-	-	-	-
Original issue premium	5,127,487	-	-	-	-	-	-	-	-	-
Transfer to escrow agent	(11,773,874)	-	-	-	-	-	-	-	-	-
Transfers in	702,614	791,518	5,521,936	1,186,184	444,592	367,845	1,000,875	1,250,298	415,012	200,246
Transfers out	(702,614)	(1,742,518)	(5,521,936)	(1,307,534)	(444,592)	(3,072,654)	(3,465,927)	(1,513,852)	(708,443)	(672,459)
Net other financing sources (uses)	78,599,341	(930,975)	3,769,638	(81,810)	25,614,296	(2,543,479)	(2,413,393)	1,161,601	42,185	(101,976)
Net change in fund balances	\$ 89,353,376	\$ 1,203,600	\$ 5,500,302	\$ (84,218)	\$ 39,953,443	\$ (5,465,692)	\$ (1,230,046)	\$ (1,668,558)	\$ 7,014,333	\$ (10,925,165)
Debt service as a percentage of noncapital expenditures	24%	21%	24%	22%	21%	21%	21%	20%	23%	22%

City of Bentonville, Arkansas
General Governmental Tax Revenues by Source
Last Ten Years
(Accrual Basis of Accounting)

Table 5

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Fees</u>	<u>Alcoholic Beverage Tax</u>	<u>State Turnback</u>	<u>Total</u>
2012	\$ 5,967,805	\$ 24,481,899	\$ 3,991,999	\$ 209,418	\$ 2,729,108	\$ 37,380,229
2013	6,557,935	26,320,374	4,166,269	268,692	2,665,348	39,978,618
2014	6,944,206	26,383,529	4,477,679	122,817	2,758,749	40,686,980
2015	7,248,656	29,458,234	4,599,120	84,264	2,705,936	44,096,210
2016	7,757,246	30,117,108	4,788,966	83,388	2,756,242	45,502,950
2017	8,282,975	37,651,052	5,351,361	44,594	2,853,363	54,183,345
2018	8,277,403	35,725,644	5,653,246	33,075	3,843,744	53,533,112
2019	9,417,015	39,622,601	5,368,133	32,346	3,041,751	57,481,846
2020	10,023,405	43,279,794	5,506,867	19,075	3,050,062	61,879,203
2021	10,845,680	53,399,550	5,704,169	31,135	5,194,343	75,174,877

City of Bentonville, Arkansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years
(Accrual Basis of Accounting)

Table 6

Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual	Total Direct Tax Rate
	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value		
2012	\$ 670,208,790	\$ 3,351,043,950	\$ 220,159,580	\$ 1,100,797,900	\$ 890,368,370	\$ 4,451,841,850	20%	7.21
2013	650,904,030	3,254,520,150	216,773,975	1,083,869,875	867,678,005	4,338,390,025	20%	7.21
2014	676,758,590	3,383,792,950	237,407,225	1,187,036,125	914,165,815	4,570,829,075	20%	7.21
2015	705,786,280	3,528,931,400	232,724,835	1,163,624,175	938,511,115	4,692,555,575	20%	7.21
2016	797,846,320	3,989,231,600	242,977,585	1,214,887,925	1,040,823,905	5,204,119,525	20%	7.21
2017	860,870,020	4,304,350,100	228,387,060	1,141,935,300	1,089,257,080	5,446,285,400	20%	7.21
2018	932,331,250	4,661,656,250	254,551,795	1,272,758,975	1,186,883,045	5,934,415,225	20%	7.21
2019	999,284,800	4,996,424,000	252,661,590	1,263,307,950	1,251,946,390	6,259,731,950	20%	7.21
2020	1,044,561,240	5,222,806,200	279,520,050	1,397,600,250	1,324,081,290	6,620,406,450	20%	7.21
2021	1,182,080,450	5,910,402,250	282,844,645	1,414,223,225	1,464,925,095	7,324,625,475	20%	7.13

Source: Benton County

City of Bentonville, Arkansas
Property Tax Rates and Tax Levies – Direct and Overlapping Governments
Last Ten Years

Table 7

Year	City of Bentonville				Overlapping Rates			Total Direct & Overlapping Rates
	Firemen's Pension & Relief Fund	General Fund	Street Fund	Total	Benton County	Bentonville Public Schools	Northwest Arkansas Community College	
2012	0.50	5.00	1.71	7.21	6.90	43.70	3.00	60.81
2013	0.50	5.00	1.71	7.21	6.90	46.60	2.60	63.31
2014	0.50	5.00	1.71	7.21	6.90	46.60	2.60	63.31
2015	0.50	5.00	1.71	7.21	7.10	43.70	2.60	60.61
2016	0.50	4.90	1.71	7.11	7.10	46.60	2.60	63.41
2017	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2018	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2019	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2020	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2021	0.50	4.93	1.70	7.13	5.36	48.00	2.60	63.09

Source: Benton County

City of Bentonville, Arkansas

Principal Sales Taxpayers

Last Ten Years

The City of Bentonville, Arkansas's largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes: a 2% city tax based on point of sale, and a portion of the county's 1% tax based on point of sale. In 2021, the city sales tax generated revenue of \$41,373,554. The City's portion of the county sales tax generated revenue of \$12,057,131.

According to Arkansas State Statutes, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of Bentonville is not able to identify the top 10 tax payers. However, Bentonville enjoys a diverse economic sales tax base.

City of Bentonville, Arkansas
Principal Property Taxpayers
Last Ten Years

Table 8

Taxpayer	2021			2012		
	Rank	Total Assessed Value	Percentage of Total Assessed Value	Rank	Total Assessed Value	Percentage of Total Assessed Value
WAL-MART/Sam's Club	1	\$ 157,050,735	10.72%	1	\$ 145,312,520	16.32%
Atitius Group	2	11,718,650	0.80%			
Bentonville Plaza Partners LLC	3	8,650,770	0.59%	3	7,434,250	0.83%
Echo Matrix LLC	4	7,967,480	0.54%			
Pointe at Bentonville LLC	5	7,382,980	0.50%			
Walton Crossing Apartments	6	7,038,195	0.48%			
Links at Rainbow Curve The	7	6,409,120	0.44%	5	4,081,730	0.46%
J Street Company LLC	8	6,363,500	0.43%			
Trails at Rainbow Curve	9	6,231,970	0.43%			
Crossmar Industrial LLC	10	5,952,940	0.41%			
QHG of Springdale Inc D/B/A Bates Medical Center				2	15,153,920	1.70%
1003 Beau Terre Drive Holdings LLC				4	5,709,710	0.64%
SH&S Partnership				6	3,284,960	0.37%
Glen Acquisition LLC				7	3,253,370	0.37%
Lowe's Home Centers Inc.				8	3,088,110	0.35%
Mercy Health System of Northwest Arkansas Inc.				9	2,810,110	0.32%
Links at Bentonville LTD Partnership				10	2,649,380	0.30%

Source: Benton County

City of Bentonville, Arkansas
Property Tax Levies and Collection
Last Ten Years

Table 9

Fiscal Year	Tax Roll Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Prior Years' Collections	Total Collections	Percentage of Total Collections to Tax Levy
2012	2011	\$ 6,419,556	\$ 5,963,375	92.89%	\$ 450,147	\$ 6,413,522	99.91%
2013	2012	6,255,958	6,010,852	96.08%	237,458	6,248,310	99.88%
2014	2013	6,591,136	6,462,685	98.05%	118,764	6,581,449	99.85%
2015	2014	6,766,665	6,571,243	97.11%	187,212	6,758,455	99.88%
2016	2015	7,504,340	6,659,403	88.74%	836,694	7,496,097	99.89%
2017	2016	7,744,618	7,300,908	94.27%	430,005	7,730,913	99.82%
2018	2017	8,557,427	7,705,319	90.04%	816,503	8,521,822	99.58%
2019	2018	9,026,533	8,352,832	92.54%	619,245	8,972,077	99.40%
2020	2019	9,546,626	8,871,308	92.93%	501,463	9,372,771	98.18%
2021	2020	10,444,916	9,298,528	89.02%	813,548	10,112,076	96.81%

Source: Benton County

Property assessments are made; tax rates are established; and taxes are levied in one year for payment by the taxpayer and collection by local government the following year. The tax levy for this schedule includes the city's levy for its general fund, street fund and fire pension plan.

City of Bentonville, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Years

Table 10

<u>Fiscal Year</u>	<u>Governmental Activities: Sales Tax Bonds</u>	<u>Business-Type Activities: Revenue Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2012	\$ 67,026,723	\$ 23,847,880	\$ 90,874,603	5.96%	2,574
2013	61,441,820	21,175,923	82,617,743	4.76%	2,340
2014	56,256,917	18,358,534	74,615,451	4.29%	2,114
2015	49,987,014	15,579,393	65,566,407	3.54%	1,857
2016	42,927,110	13,414,930	56,342,040	3.04%	1,596
2017	60,430,601	11,168,023	71,598,624	3.64%	2,028
2018	51,210,650	8,827,689	60,038,339	2.86%	1,701
2019	39,595,699	6,397,912	45,993,611	2.00%	1,303
2020	27,950,748	5,359,553	33,310,301	1.39%	944
2021	89,052,847	4,380,831	93,433,678	1.83%	1,725

(1) Personal income is disclosed in Table 13

(2) Population is disclosed in Table 13

City of Bentonville, Arkansas
Ratios of General Bonded Debt Outstanding
Last Ten Years

As of December 31, 2021, the City has no general bonded debt outstanding.

City of Bentonville, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2021

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Bentonville School District (1) (2)	\$ 324,854,603	53%	\$ 172,172,940
Northwest Arkansas Community College (3) (4)	26,926,846	31%	8,347,322
Subtotal, overlapping debt			180,520,262
City of Bentonville, Arkansas direct debt			89,052,847
Total direct and overlapping debt			<u>\$ 269,573,109</u>

Source: Outstanding debt amount from each governmental units most recent audited financial statements.

Note: The amount applicable to the City of Bentonville was estimated using population.

(1) Amount as of 6/30/2021 which was the most recent Audited Financial Statements available

(2) Bentonville School District is comprised of multiple cities with an estimated population of 102,060 of which Bentonville is 54,164 or 53%

(3) Northwest Arkansas Community College was created by a property tax of residents that comprise the Bentonville and Rogers, AR school district. Population estimate for both areas is estimated at 171,968 of which Bentonville is 54,164 or 31%

(4) Amount as of 6/30/2020 which was the most recent Audited Financial Statements available

City of Bentonville, Arkansas
Legal Debt Margin Information
Last Ten Years

As of December 31, 2021, the City has no general obligation debt.

City of Bentonville, Arkansas
Pledged Revenue Coverage – Proprietary Funds
Last Ten Years

Table 12

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2012	\$ 76,829,744	\$ 69,301,586	\$ 7,528,158	\$ 2,561,628	\$ 939,169	\$ 3,500,797	2.15
2013	77,853,009	68,968,824	8,884,185	2,671,957	837,173	3,509,130	2.67
2014	85,487,267	76,977,920	8,509,347	2,817,389	730,046	3,547,435	2.40
2015	88,959,008	78,826,457	10,132,551	2,779,142	718,860	3,498,002	2.90
2016	91,567,054	85,384,256	6,182,798	2,170,954	603,337	2,774,291	2.07
2017	96,228,757	89,968,643	6,260,114	2,253,374	516,855	2,770,229	2.26
2018	100,889,330	90,228,298	10,661,032	2,346,801	422,677	2,769,478	3.85
2019	101,850,203	91,906,922	9,943,281	2,436,245	303,430	2,739,675	3.63
2020	101,792,768	93,442,172	8,350,596	1,043,456	232,836	1,276,292	6.54
2021	114,044,573	123,963,086 (1)	(9,918,513)	978,722	194,720	1,173,442	(8.45)

(1) The increase in expenses was due to the 2021 winter storm

City of Bentonville, Arkansas
Demographic and Economic Statistics
Last Ten Years

Table 13

Fiscal Year	City of Bentonville Population (1)	Benton County Population (1)	Per Capita Income (2)	Personal Income (3)	Unemployment Rate (4)
2012	35,301	221,339	\$ 48,371	\$ 1,707,544,671	5.50%
2013	35,301	221,339	47,363	1,671,961,263	4.90%
2014	35,301	221,339	51,809	1,828,909,509	4.00%
2015	35,301	221,339	52,509	1,853,620,209	3.20%
2016	35,301	221,339	52,509	1,853,620,209	2.70%
2017	35,301	221,339	55,729	1,967,289,429	2.70%
2018	35,301	221,339	59,425	2,097,761,925	2.50%
2019	54,909 *	279,141	65,306	3,585,887,154	2.30%
2020	54,909 *	279,141	67,771	3,721,237,839	3.50%
2021	54,164	284,333	94,289	5,107,069,396	1.90%

* These amounts are estimates from the U.S. Census Bureau. The 2020 Census numbers were finalized in 2021 and were lower than what was previously estimated.

(1) U.S. Census Bureau

(2) Fayetteville-Springdale-Rogers MSA (of which Bentonville is a part of) information from the U.S. Federal Reserve Bank of St. Louis

(3) Calculated using City of Bentonville Population and Per Capita Income

(4) Bureau of Labor Statistics

City of Bentonville, Arkansas
Principal Employers
Last Ten Years

Table 14

Employer	2020 (2)			2012		
	Rank	Employees	Percentage of Population 54,164 (1)	Rank	Employees	Percentage of Population 35,301 (1)
Wal-Mart/Sam's Club	1	2,500 +	4.62%	1	2,500 +	7.08%
Mercy Health System of Northwest Arkansas	2	1,000-2,499	1.85%	2	1,000-2,499	2.83%
Bentonville School District	2	1,000-2,499	1.85%	3	1,000-2,499	2.83%
Northwest Arkansas Community College	4	500-999	0.92%	7	300-499	0.85%
Benton County	4	500-999	0.92%	4	300-499	0.85%
Cognizant	4	500-999	0.92%			
City of Bentonville	4	500-999	0.92%	6	300-499	0.85%
Arvest Bank Group, Inc.	8	300-499	0.55%	8	200-299	0.57%
Northwest Health System	8	300-499	0.55%	5	300-499	0.85%
Consumer Testing Laboratories	8	300-499	0.55%			
Outdoor Cap Company				9	200-299	0.57%
Kraft Inc.				10	50-99	0.14%
Community Publishers				10	50-99	0.14%
Bentonville Casting Company				10	50-99	0.14%

Source: Bentonville/Bella Vista Chamber of Commerce

(1) Low figure in the range of Employees used for calculation.

(2) Data as of 2020 as 2021 statistics were not available.

City of Bentonville, Arkansas
Full-time Equivalent City Employees by Function
Last Ten Years

Table 15

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Function										
Governmental Activities										
General government	72.0	75.50	71.50	72.0	90.5	59.0	65.0	64.0	67.0	64.0
Public Safety	235.5	229.0	212.5	191.0	199.0	188.5	175.0	174.0	161.0	162.0
Recreation	114.0	100.5	111.5	109.0	187.0	160.0	90.0	70.0	46.5	43.5
Street Department	22.0	25.0	23.0	23.0	26.0	28.5	23.0	23.0	22.0	22.0
Library	24.0	24.0	24.50	26.0	29.5	27.5	24.0	23.5	21.0	20.5
Total	<u>467.5</u>	<u>454.0</u>	<u>443.0</u>	<u>421.0</u>	<u>532.0</u>	<u>463.5</u>	<u>377.0</u>	<u>354.5</u>	<u>317.5</u>	<u>312.0</u>
Business-Type Activities										
Electric	49.0	49.0	46.0	41.0	43.0	42.0	37.0	36.0	36.0	36.0
Water	40.0	45.0	43.0	41.0	44.0	39.0	38.0	38.0	38.0	37.0
Wastewater	22.0	22.0	22.0	23.0	26.0	25.0	22.0	21.0	22.0	22.0
Support	25.50	22.0	24.0	23.0	26.0	23.0	21.0	21.0	22.0	22.0
Total	<u>136.5</u>	<u>138.0</u>	<u>135.0</u>	<u>128.0</u>	<u>139.0</u>	<u>129.0</u>	<u>118.0</u>	<u>116.0</u>	<u>118.0</u>	<u>117.0</u>
Total Primary Government	<u>604.0</u>	<u>592.0</u>	<u>578.0</u>	<u>549.0</u>	<u>671.0</u>	<u>592.5</u>	<u>495.0</u>	<u>470.5</u>	<u>435.5</u>	<u>429.0</u>

Source: Various city departments

City of Bentonville, Arkansas

Operating Indicators by Function

Last Ten Years

Table 16

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
Governmental Activities										
General Government										
Building Permits Issued	1,562	1,797	1,750	1,732	1,562	1,461	1,375	1,227	1,225	1,253
Building Inspections performed	11,261	13,979	19,570	21,079	19,613	19,380	19,514	14,228	16,222	13,782
Fire										
Fire related calls for service	4,323	4,238	1,420	1,485	1,553	1,534	1,453	1,309	1,229	1,100
EMS related calls for service	6,107	5,804	5,534	5,304	4,788	4,786	4,665	4,141	3,772	3,826
Police										
Calls for service Police	51,203	69,239	70,483	66,312	59,100	57,193	53,140	48,402	40,320	35,888
Calls for service Fire/EMS	6,721	7,225	6,976	6,937	6,031	6,294	6,111	5,455	5,029	4,925
Physical arrests	3,796	3,782	3,981	3,544	3,601	3,405	3,319	2,891	2,572	2,763
9-1-1 Calls	21,773	16,429	17,336	15,642	16,078	16,779	16,907	18,779	17,857	14,942
Recreation										
Program Participants	407,459	223,237	735,491	728,955	726,364	661,897	320,655	171,563	160,592	97,152
Transportation										
Streets Overlaid each year (miles)	10	7	2	2	3	3	2	4	2	3
Library										
Library card holders	39,899	42,518	42,615	26,867	26,929	27,058	35,514	30,621	27,190	27,108
Visits	169,190	139,034	319,697	302,398	296,311	300,766	298,585	296,819	296,031	300,652
Circulation (checkouts or materials)	708,226	551,135	725,056	667,538	675,787	679,444	651,289	602,218	560,778	541,028
Business-Type Activities										
Electric, Water, Wastewater Support Activities										
Meters read	626,053	610,224	599,999	572,648	555,128	530,850	503,834	483,297	466,085	450,585
Payments Processed (dollars)	\$ 151,657,567	\$ 90,995,518	\$ 94,437,561	\$ 93,810,989	\$ 90,026,317	\$ 88,326,913	\$ 84,237,799	\$ 84,480,153	\$ 73,951,337	\$ 72,493,590
Payments Processed (transactions)	239,369	226,616	215,614	206,971	193,627	190,814	185,954	188,519	182,333	177,907

** Data not available for given period.

Source: Various city departments

City of Bentonville, Arkansas

Capital Assets Statistics by Function

Last Ten Years

Table 17

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
Governmental Activities										
General Government										
Number of general government buildings	5	4	4	4	4	4	4	4	4	4
Fire										
Fire Trucks available each year	9	9	8	8	8	8	8	7	7	7
Ambulances available each year	5	5	6	7	7	7	7	6	6	6
Fire Stations	7	7	6	6	6	6	6	5	5	5
Police										
Police Units (cars/trucks) that were available each year	102	103	94	91	89	85	83	80	77	70
Recreation										
Parks Acreage	341	341	341	341	341	341	341	311	311	311
Number of Parks	20	20	20	20	20	20	20	19	19	19
Number of Trails	28	28	28	27	25	25	24	23	23	23
Baseball/softball fields	20	20	24	24	24	24	24	24	24	24
Soccer Fields / Football Fields	16	16	16	16	16	16	16	13	13	10
Tennis Courts	22	22	22	14	14	14	14	14	14	14
Basketball Courts	5	5	5	5	5	5	5	4	4	4
Swimming Pools / Splash Parks	4	4	4	4	4	4	4	2	2	2
Ice Rink	1	1	1	1	1	1	1	1	1	1
Indoor Rec Center	2	2	2	2	2	2	2	1	1	1
Transportation										
Total Paved Streets (miles)	297	296	284	288	274	261	250	253	246	244
Traffic Signals	53	52	50	49	45	45	41	41	41	41
Library										
Items Available for checkout	153,545	154,953	149,962	143,760	135,568	134,725	131,070	121,905	114,238	111,887
Business-Type Activities										
Electric										
Electric Substations	9	9	9	9	9	9	9	9	9	9
Electric Lines (miles)										
Distribution	1,027.00	989.00	982.10	925.50	915.68	885.88	846.25	837.40	723.50	699.50
Transmission	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32
Water										
Water Lines (miles)	343.12	336.69	330.71	325.60	321.90	314.40	307.30	301.60	298.30	290.50
Sewer Lines (miles)	322.66	314.99	311.25	308.40	305.80	300.40	294.20	289.30	287.20	283.60

** Data not available for given period.

Source: Various city departments.

City of Bentonville, Arkansas
Waste and Wastewater Rates
December 31, 2021

Table 18

Per 1,000 gallons						
	Water			Wastewater		
	Residential	Irrigation	Commercial	Residential	Commercial	
Inside City monthly usage rates						
First 4,000 gallons of water	\$ 3.61	N/A	N/A	N/A	N/A	
Next 6,000 gallons of water	3.96	N/A	N/A	N/A	N/A	
Over 10,000 gallons of water	5.46	N/A	N/A	N/A	N/A	
All Consumption	N/A	\$ 4.76	\$ 3.79	\$ 7.69	\$ 8.22	
Outside City monthly usage rates						
First 4,000 gallons of water	\$ 4.33	N/A	N/A	N/A	N/A	
Next 6,000 gallons of water	4.75	N/A	N/A	N/A	N/A	
Over 10,000 gallons of water	6.55	N/A	N/A	N/A	N/A	
All Consumption	N/A	\$ 5.71	\$ 4.54	\$ 9.23	\$ 9.86	

Rate per Month					
	Water		Wastewater		
	Irrigation		Residential	Commercial	
Meter rates					
5/8" meter	\$ 7.71	\$ 10.14	\$ 13.41	\$ 14.33	
3/4" meter	7.71	10.14	13.41	14.33	
1" meter	19.28	25.66	44.16	47.19	
1-1/2" meter	83.55	109.97	164.05	175.31	
2" meter	89.98	118.52	175.15	187.17	
3" meter	134.97	177.16	257.30	274.95	
4" meter	385.63	507.06	721.32	770.81	
6" meter	835.54	1,099.64	1,553.89	1,660.50	

City of Bentonville, Arkansas
Schedule of Electric, Water and Wastewater Customers
And Annual Billable Water Gallons
December 31, 2021

Table 19

Type	Number of Customers
Electric	26,564
Water	23,388
Wastewater	18,953

Year Ended December 31, 2021	Gallons (in thousands)
Annual billable water gallons	2,794,403

City of Bentonville, Arkansas
Schedule of Insurance Coverage
December 31, 2021

Table 20

Policy Coverage	Policy Period	Coverage	Insurer
Property	7-8-21 to 7-8-22	\$ 242,689,780	Affiliated FM Insurance Company
Municipal vehicles - Includes property and bodily injury	1-1-21 to 1-1-22	\$25,000 for one person, \$50,000 for multiple person	Arkansas Municipal League
Fraudulent or dishonest acts	7-1-21 to 6-30-22	\$ 300,000	Arkansas Fidelity Bond Trust Fund

Single Audit Section

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City of Bentonville, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Justice				
Coronavirus Emergency Supplemental Funding Program (CESF)	16.034		\$ -	\$ 7,059
		<i>Cluster Total</i>	-	7,059
		Total Department of Justice Programs	-	7,059
Department of Transportation Programs				
U.S. Department of Transportation/Airport Improvement Program	20.106	3-05-0006-015-2020 3-05-0006-017-2021	-	1,174,221
Federal Aviation Administration / CARES Act Coronavirus Relief Fund	20.106		-	69,000
		<i>Cluster Total</i>	-	1,243,221
<i>Highway Planning and Construction Cluster</i>				
U.S. Department of Transportation/Arkansas State Highway and Transportation Department/Highway Planning and Construction	20.205	AHTD #090218 LY10-3314-001	-	97,064
U.S. Department of Transportation/Arkansas State Highway and Transportation Department/Highway Planning and Construction	20.205	AHTD #090218 LY10-3314-001	-	67,953
		<i>Cluster Total</i>	-	165,017
		Total Department of Transportation Programs	-	1,408,238
Department of Treasury				
Coronavirus State and Local Fiscal Recovery Fund	21.027		-	1,242,845
		Total Department of Treasury Programs	-	1,242,845
Department of Homeland Security				
Disaster Grants - Public Assistance	97.036		-	66,319
Disaster Grants - Public Assistance	97.036		-	31,244
		Total United States Environmental Protection Agency	-	97,563
		Total Expenditures of Federal Awards	\$ -	\$ 2,755,705

City of Bentonville, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Bentonville, Arkansas
Bentonville, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bentonville, Arkansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Rogers, Arkansas
June 29, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Bentonville, Arkansas
Bentonville, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bentonville's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

Rogers, Arkansas
June 29, 2022

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:
Significant deficiency(ies) identified? ☐ Yes ☒ None reported
Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:
Significant deficiency(ies) identified? ☐ Yes ☒ None reported
Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor’s report issued on compliance for major federal award programs:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds – COVID-19
20.106	Airport Improvement Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Bentonville, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2021

Reference Number	Summary of Finding	Status
No matters are reportable.		

Other Required Reports

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Independent Accountant's Report on Compliance With Arkansas State Requirements

The Honorable Mayor and Members of the City Council
City of Bentonville, Arkansas
Bentonville, Arkansas

We have examined management of the City of Bentonville's assertion that the City of Bentonville, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas Statutes during the year ended December 31, 2021

- (1) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management is responsible for its compliance with the aforementioned Act and State Statutes. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the requirements mentioned above, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with the requirements mentioned above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the requirements mentioned above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City of Bentonville, Arkansas complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2021.

FORVIS, LLP

Rogers, Arkansas

June 29, 2022